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Beverage Industry

AN HBJ PUBLICATION

FEBRUARY 1985

Beverage consumption up

Soft drinks, juice, bottled water pace gains

by Michelle Palmer
Associate Editor

SPECIAL REPORT—Consumers reached for refreshing and healthy beverages in 1984, with soft drinks, juices and bottled water ranking as prime movers in the category.

Beverage Industry's liquid consumption data, supplied by director of research and statistics John C. Maxwell Jr., indicates soft drinks jumped 4% in per capita consumption ovèr last year, from 41.5 to 43.2 gallons annually.

The fastest mover in the beverage category was bottled water, which marked an impressive 11.1% gain in per capita usage over 1983.

Juice also sparked much consumer interest along the health and nutrition lines, boasting a 5.2% increase over the previous year.

(Continued on page 38)

Pepsi, 7UP swap plants in Canada

by Paul E. Mullins
Editor

NEWS ANALYSIS — Announcement of the agreement between Pepsi-Cola and Seven-Up to exchange company-owned facilities in Canada strengthens all parties.

Subject to the approval of the Canadian government, the parent company-owned Pepsi plants in Toronto and Ottawa will be acquired by Seven-Up. The Seven-Up plant in Montreal will be taken over by Pepsi's Canadian operations.

Seven-Up's Montreal operation is considered a strong, aggressive competitor. The combined franchises will have an approximate 36% market share (vs. leader Coke's 44).

Combining the Pepsi and Seven-Up volumes in Toronto also strengthens these operations, although there will still be considerable distance between these operations and Coke's franchises in Canada.

The loser in the transaction turns out to be Royal Crown which had franchised the three parent company-owned Seven-Up operations involved.

At presstime, Royal Crown executives were in Canada screening potential new franchises. □

BI Report

■ **COCA-COLA'S acquisition of Coke-Louisiana is on hold. Members of the Freeman family who sold their stock last year have filed suit claiming they had been misled into selling their shares. Coca-Cola had announced a definitive agreement to purchase the franchise in late December. Subsequently, a spokesperson for the firm said the decision to withdraw from the deal was based upon a number of factors, of which the family lawsuit was one. Coke-Louisiana reportedly was preparing to sue Coca-Cola, charging violation of contract.**

■ **NSDA NAMES Julie P. McCahill as new vp-communications. McCahill comes to the association from Mead Corp. where she was senior Washington representative with responsibilities in public af-**

(Continued on page 62)

CMI launches cost-cutting program

WASHINGTON, DC—The Can Manufacturers Institute has embarked on a program to make it easier for soft drink canners to help cover the cost of new can multi-pack wraps and equipment.

The Canpack program challenges participants to exceed their prior 12-month soft drink can purchases from participating can companies by five percent. Those companies reaching or surpassing their goal are awarded incentive points to be used as credit.

Already CMI reports more than 100 canners have taken advantage of this opportunity.

"Getting more product into consumers' homes is what it's all about," explains Michael Dunn, president, CMI, "and multi-pack cans are a great way of doing just that." CMI defines multi-packs as cans sold in packages of 12 or 24.

According to Dunn, multi-packing has been a major factor in the rebound in can sales growth over the past two years. Soft drink can shipments grew 8.1% in 1983 and were up 9.9% through October 1984, nearly double overall

(Continued on page 37)

Improving line efficiency: experts tell how it's done

SPECIAL REPORT—When South Atlantic Canners realized its 1,500 cpm canning line wasn't providing its burgeoning market the needed volume, it had two options: revamp the line or build a new one.

The Bishopville, SC, bottler opted to build a new one. By the end of 1986, general manager Edward Mizell anticipates the line will approach 2,350 cpm while canning 28 brands for its co-op members.

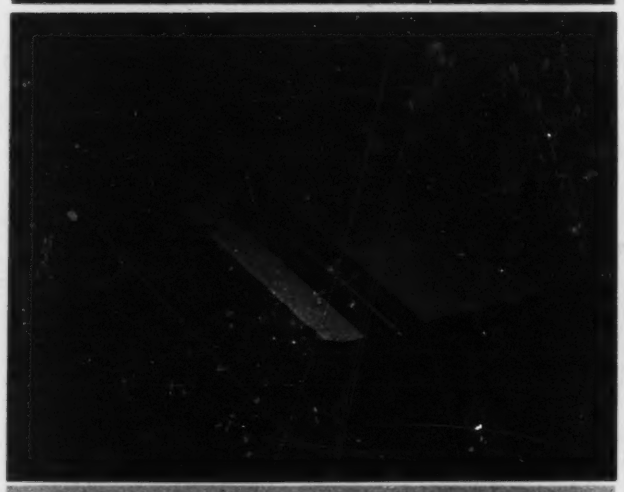
Other bottlers and brewers face the same problem, whether to make improvements on an existing line or build a new one. Often cost is the deciding factor.

Improving the productivity of a bottling line is a complex engineering task. It's not as simple as buying a new piece of equipment.

Says consultant Frederic Fenster: "Anybody can go out

(Continued on page 43)

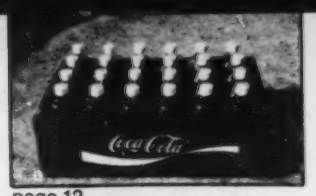
BI Now Package



When less is more

Mead Packaging's new Unishipper cuts packaging costs by eliminating the need for corrugated shipping trays for 12-can packs. See page 34 for the story.

Features



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6 **Aseptics conference slated**
How to tap the adult market will be one of the featured subjects at Aseptipak '85, the Third International Conference on Aseptic Packaging, April 22-24 in Princeton, NJ.

9 **Building corporate wealth**
In his second installation, Marion B. Glover says few executives realize they can double or triple the value of their business in a short time by managing several critical factors.

12 **Plastic case offers big savings**
A North Carolina Coca-Cola bottler has discovered a way to save time and money with a new plastic case from Piper-CasePro.

16 **Up with ginseng**
Ginseng Up Corp. has enjoyed dramatic growth since 1982 with sales up 588%, the company reports. And now it expands its flavor line.

18 **Packaging update**
BI kicks off its new *Purchasing Report series* with an update from bottlers and suppliers on secondary and tertiary packaging.

22 **Battleground: Philadelphia**
Marty Westerman continues his *Battleground Series* in a city where bygone eras still live. The complete beverage market is profiled in the City of Brotherly Love.

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Soundoff

Analyst: steel to make comeback as beverage package

"Certain members of the American steel and packaging industries have continued to improve the steel container because they recognize that there are about 250 draw and iron beverage can lines in America and almost all are convertible to steel. Today beverage customers who specify steel beverage cans, instead of aluminum, are saving about $7 per 1,000 cans.

"... Drawn and ironed steel prices for cans have not been raised since January 1, 1981, but aluminum can sheet jumped 23% between September 1, 1983, and April 1984.

"... The steel industry's recent accomplishments suggest that it is poised to recover its lost share of the beverage can market. Furthermore, should the amount of aluminum cans recycled decline, then the steel can's cost advantage could increase further. Packaging is a chess game but without a checkmate."

H. Edward Schollmeyer
packaging analyst
Paine, Weber, Mitchell, Hutchins

At a seminar sponsored by the American Iron and Steel Institute, at InterBev '84 in Chicago.

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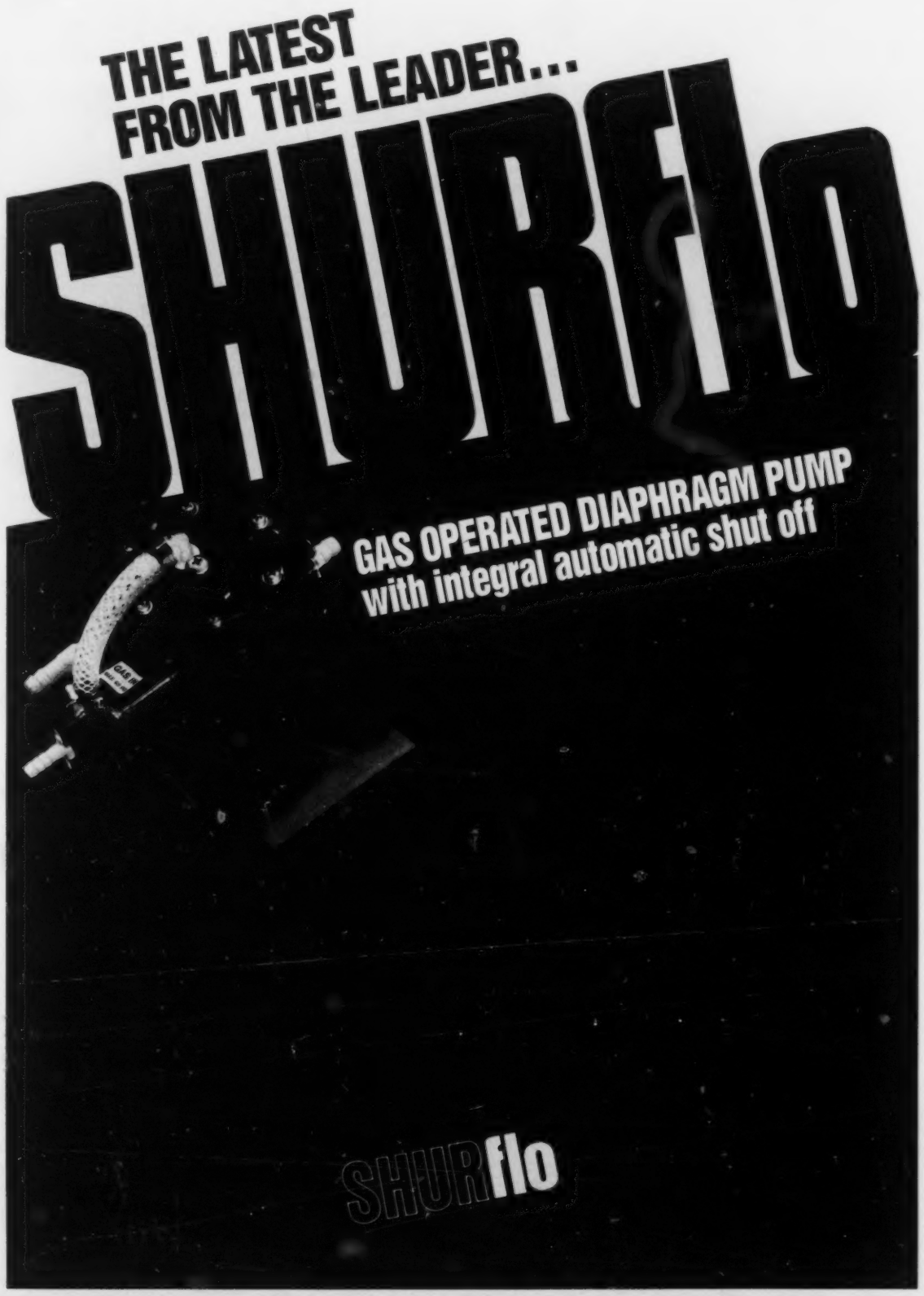

U.S. liquid consumption trends (gallons per capita)

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984E
Soft Drinks	19.1	20.3	22.3	23.5	24.8	25.9	27.0	28.6	30.1	31.5	31.4	31.0	33.7	35.9	37.1	38.1	38.8	39.5	40.1	41.5	43.2
Coffee*	38.6	37.8	37.4	37.0	37.0	36.2	35.7	35.3	35.2	35.1	33.8	33.0	29.4	28.0	27.0	29.2	28.7	28.5	27.8	27.0	27.3
Beer	15.9	15.9	16.5	16.8	17.3	17.8	18.5	19.2	19.7	20.5	21.3	21.6	21.8	22.5	23.1	23.8	24.5	24.7	24.4	24.3	24.0
Milk #	25.9	26.0	25.9	25.3	25.6	25.3	23.1	23.0	23.1	22.7	22.0	22.1	21.9	21.5	21.3	21.0	20.7	20.4	20.0	20.9	21.1
Juices	3.5	3.8	4.0	4.8	4.7	4.8	5.2	5.7	6.0	5.2	6.1	6.8	6.8	6.8	6.5	6.7	6.9	6.7	6.8	7.7	8.1
Tea*	6.3	6.3	6.3	6.4	6.6	6.6	6.5	6.7	6.8	7.2	7.3	7.3	7.4	7.7	7.7	7.6	7.3	7.5	7.5	7.2	7.3
Powdered Drinks	-	-	-	-	-	-	-	-	-	-	-	4.8	5.5	5.9	6.1	6.0	6.0	6.0	6.0	6.5	6.3
Wine	1.0	1.0	1.0	1.0	1.1	1.2	1.3	1.5	1.6	1.7	1.7	1.7	1.7	1.8	2.1	2.2	2.3	2.3	2.3	2.4	2.5
Bottled Water	-	-	-	-	-	-	-	1.1	-	-	-	1.2	1.2	1.3	1.4	1.5	1.5	1.9	2.2	2.7	3.0
Distilled Spirits	1.4	1.5	1.6	1.6	1.7	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9	1.8	1.8
Subtotal	111.9	112.6	115.0	116.4	118.8	119.6	119.1	123.0	124.4	125.8	125.6	131.5	131.4	133.4	134.3	138.1	138.8	139.5	139.0	142.0	144.6
Imputed Water Consumption§	70.8	69.9	67.5	66.1	63.7	62.9	63.4	59.5	58.1	56.7	56.9	51.0	51.1	49.1	48.2	44.4	43.7	43.0	43.5	40.5	37.9
Total	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5

* Coffee and Tea data are based on a three-year moving average to counterbalance inventory swings, thereby portraying consumption more realistically. Tea numbers have been restated to reflect this.
§ Includes all others.
≠ Certain milk figures have been changed based on revisions in USDA data.
R – Revised.
NA – Not available

Sources: USDA, DSI, NABI, ABWA, Laidlaw Ansbacher Research estimates.

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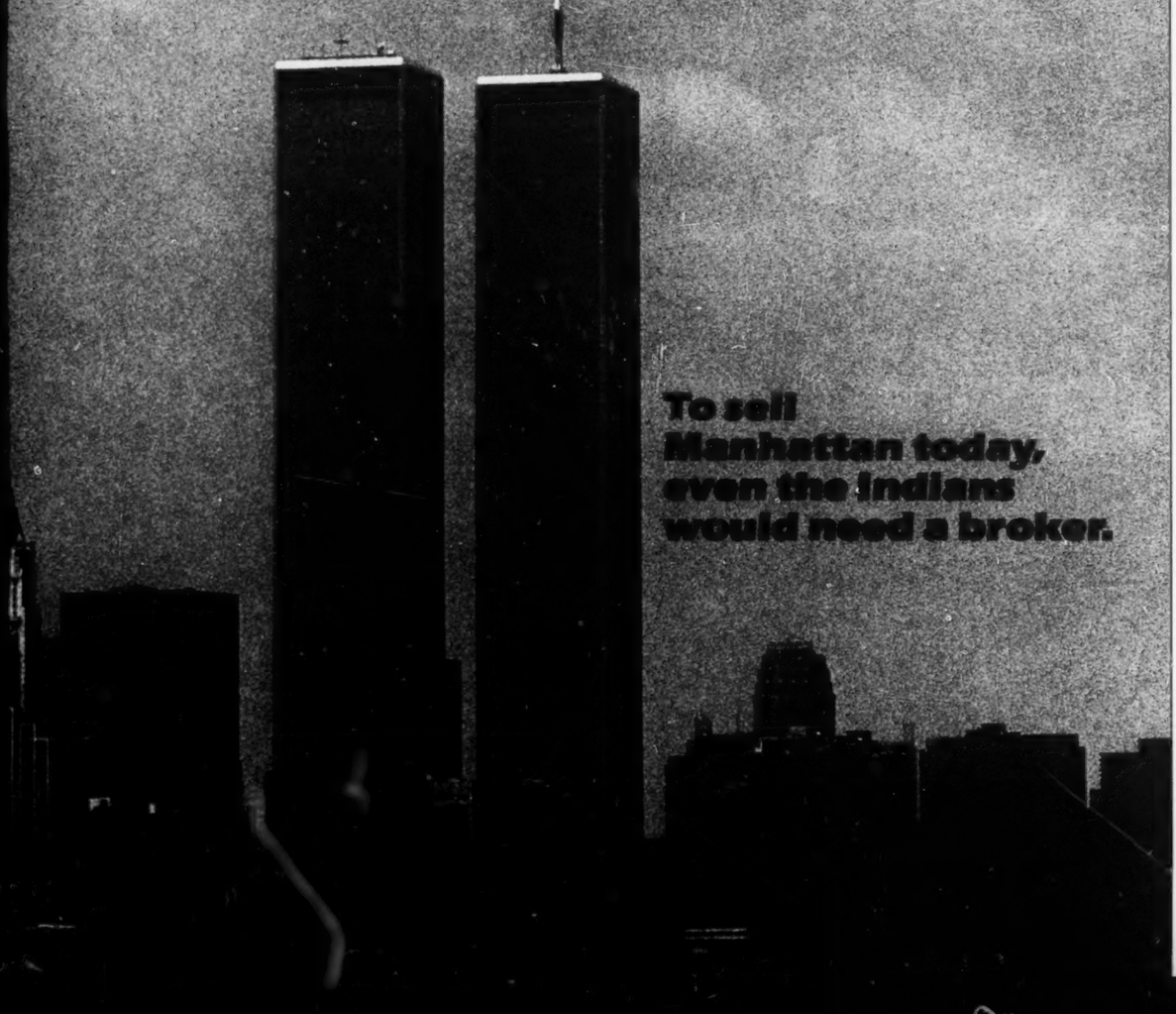

Soft drinks, juice, water pace gains

(Continued from page 1)

On the other hand, distilled spirits usage remained stagnant, and beer consumption lost ground to the tune of about 1.2%.

The entire liquid category enjoyed a per capita consumption climb of 1.7%. Total liquid consumption is estimated to be 182.5 gallons, including imputed water, which is computed by subtracting known beverage consumption from the total.

Soft drinks success

Marking the largest gain in many years, soft drinks had an exceptional year. In fact, for the first time in history, the amount of soft drinks consumed surpassed even water, in terms of per capita usage.

Soft drinks tallied in at 43.2 gallons for the year, compared with 41.9 gallons of water, including both tap and bottled varieties.

Since 1964, soft drink consumption has increased by 126%, accounting for about one-fourth of all liquids consumed.

But 1984 saw a larger than usual increase. Some credit the onslaught of new products as the guiding force in the industry last year; others see a public trend away from alcoholic beverages as combining with new products to aid the popularity.

Segmentation's effect

"One of the major reasons for the rise was from the market segmentation, meaning all the calorie-, sodium- and caffeine-free products," says Bob Delauter, former NSDA chairman and chairman of the board of Coca-Cola Bottling Co., Portland, OR. "And all those segments have been appealed to by all the various companies."

John Frazier, NSDA chairman, also chairman of the

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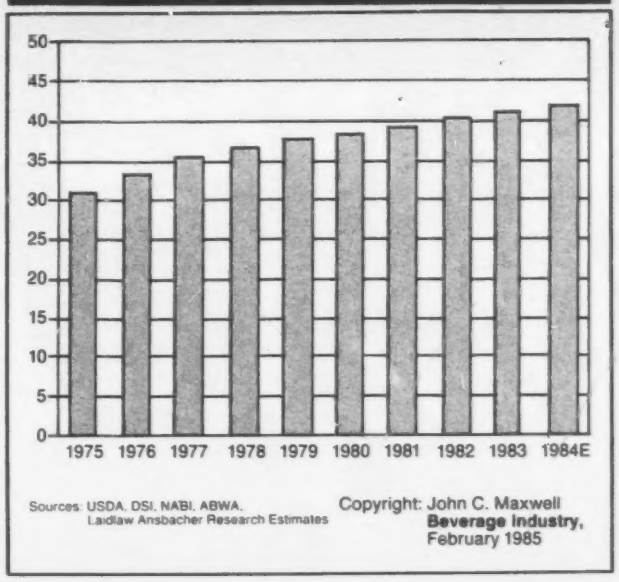
Seven-Up Bottling Co., Wichita, agrees. "When you have lots of action in a category, you sell more product," Frazier notes. "The cola market was segmented a great deal, so there was more interest there.

"Also," Frazier points out, "the products were better tasting." The addition of aspartame to many low-calorie drinks was credited with boosting the diet category significantly.

Along with the new products, larger packaging may also have played a role in the increase, Delauter feels. "Packaging, with all the pressure on larger sizes, has also helped sales," he notes.

Soft drink consumption (gallons per capita)



Sources: USDA, DSI, NABI, ABWA, Laidlaw Ansbacher Research Estimates

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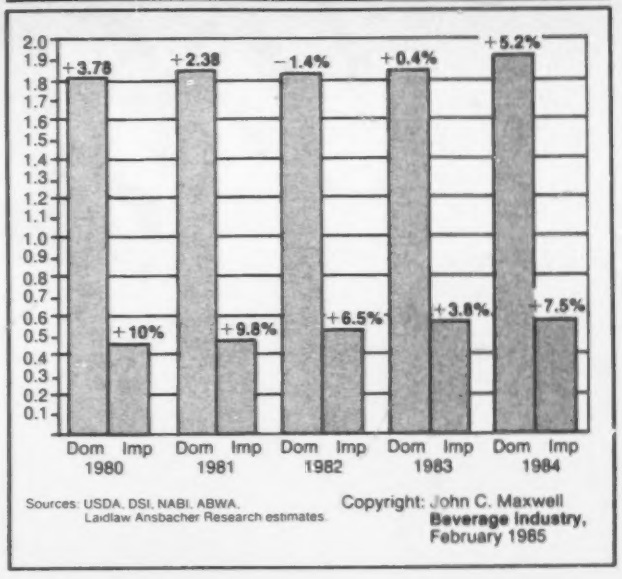
Wine consumption (gallons per capita)



Sources: USDA, DSI, NABI, ABWA, Laidlaw Ansbacher Research estimates.

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More upward trends

Juices made quite a splash with consumers last year, reaching a total of 8.1 gallons of 100% juice per capita for an increase of 5.2% over last year.

"The major reason for this is the trend to natural beverages," explains George Dejager, market research director for the Florida Dept. of Citrus. "People are getting more concerned over what they put in their bodies."

He also indicated that Procter & Gamble's introduction of Citrus Hill orange juice, and all its associated marketing, helped boost sales of not only that brand, but the entire category as well.

Much of the growth in the orange juice market has been fueled by the ready-to-serve segment for the past few years, Dejager notes.

If the Florida canker situation remains in control and the winter passes without a freeze, Dejager predicts a stabilization of orange juice prices for 1985, along with another 4-5% jump in consumption.

Along with the 100% juice market, juice drinks have shown a turnaround, which may be attributed to the popularity of aseptic packaging.

"It had been a declining category in past years, but aseptic packaging has changed it to an increase," he notes.

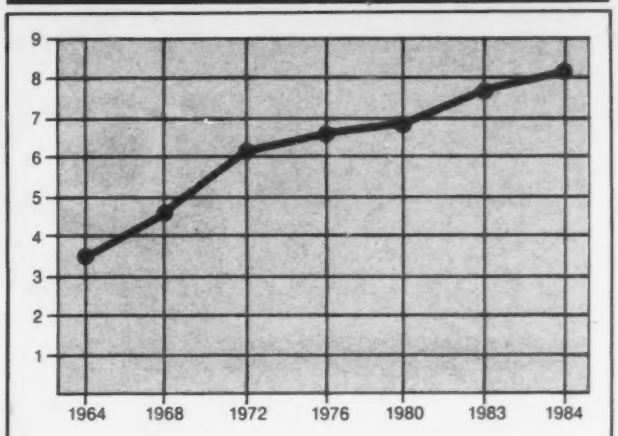
According to Dejager, the aseptic processing is limited in 100% products, but is effective for the specially formulated juice drinks.

The fastest mover in the beverage category, according to the liquid consumption data, was bottled water, which at an even three gallons and 11.1% increase, is growing at a frenzied pace.

According to William Deal, executive vice president of International Bottled Water Assn., regular bottled water has cornered about 90% of the bottled water market, with carbonated waters accounting for the remaining 10%.

People are drinking bottled water because of concerns with public water supplies, and because they feel it's healthier than water from the tap. Carbonated water has be-

Juice consumption (gallons per capita)



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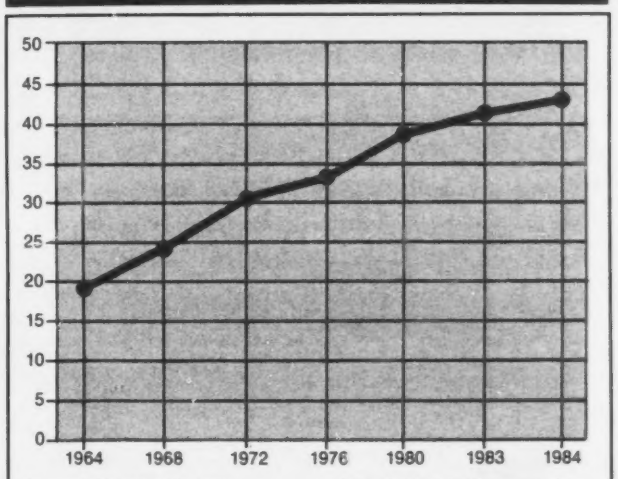
Soft drink consumption (gallons per capita)



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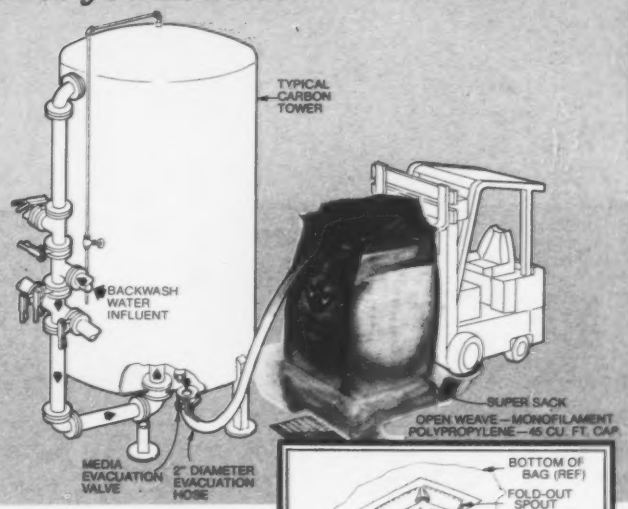
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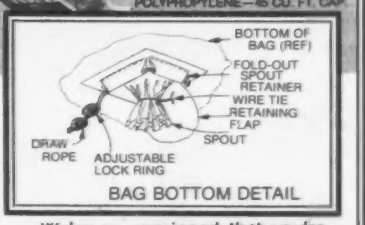

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Estimated tea sales trends (million lbs.)

	1978		1979		1980		1981		1982		1983		1984E	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Iced Tea	110.83	71.5%	109.80	71.3%	110.29	70.7%	109.82	70.4%	108.19	69.8%	116.64	72.9%	116.60	73.8%
Hot Tea	44.17	28.5	44.20	28.7	45.71	29.3	46.18	29.6	46.81	30.2	43.36	27.1	41.40	26.2
Total	155.00	100.0%	154.00	100.0%	156.00	100.0%	156.00	100.0%	155.00	100.0%	160.00	100.0%	158.00	100.0%

Sources: USDA, DSI, NABI, ABWA, Ladlaw Ansbacher Research

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Beverage Industry
February 1985

come the choice of consumers concerned with ingredients in other beverages.

"Bottled water is an alternative to the tap, and carbonated water to other beverages," Deal explains.

He estimates sales for domestic and imported waters in 1985 to reach $1 billion, and per capita increases to reach about 12%.

"Also, look for a number of new companies to get into the flavored mineral waters area," he predicts.

Imputed water has dropped in usage from year to year, from 70.6 gallons per capita in 1964 to only 37.9 gallons in 1984. Last year's total represents a decline of 6.4% in consumption, attributable to substitution of bottled water and other beverages.

Beer battles

Per capita usage of beer for 1984 dropped from 24.3 to a flat 24 gallons, according to Maxwell's report.

Most of the industry is unsure of just what to blame the decline on—changing demographics, adjusted lifestyles, changing additudes about alcohol and tougher drunk driving laws or increased popularity of other beverages.

"I don't see any one reason; it's a combination of things," says Frank McNeirney, director of communications for National Beer Wholesalers Assn.

"Certainly the crackdown and public awareness of alcohol abuse has had the effect of limiting on-premise drinking," McNeirney explains. "And there are perceived health reasons, where people think less alcohol consumption is good for their health."

Maxwell sees the beer industry suffering as a result of the success of soft drink, juice and bottled water categories. "Any time a lifestyle change occurs, there's nothing anybody can do about it," Maxwell points out.

According to some, the answer can be found partially in numbers. "Our initial analysis is that about one-half of the apparent slowdown can be explained in demographic terms," says Robert Weinberg, of R.S. Weinberg & Associates analysis firm. That is, a decrease in the 18-24-year-old age group.

Weinberg maintains a wait-and-see attitude to determine the long-range effect of the consumption decline; he questions whether the shift was brought on by an actual change in attitude, or spawned by the institutional crackdowns on alcohol. In the latter case, the effect would be short-term, reversing itself when the attention died down.

According to McNeirney, the whole concept of a decline in per capita usage shouldn't paint a gloomy picture for the industry. "It's short-sighted to expect it to keep going up each year," he maintains.

"It's mostly brand versus brand sales. Someone with a responsible look at the industry would not hope per capita consumption would go up forever," he says. "We really haven't got much to complain about."

With the introduction of low-alcohol beers by virtually every major brewery, including Anheuser-Busch, G. Heileman, Stroh, Pabst and Miller, it appears many put some stock in that segment picking up sales for the category. So far, it seems that it hasn't.

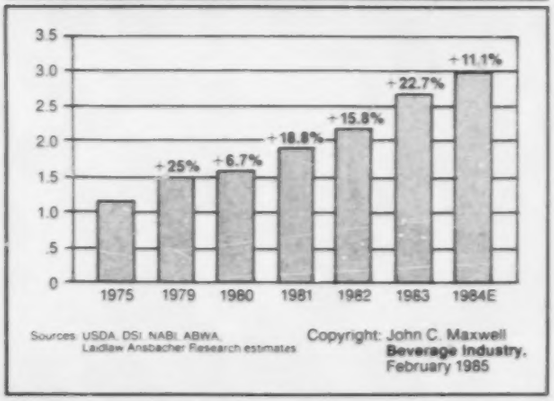
Although McNeirney points out the product is still very new, there have been "no spectacular reports of its use since its introduction."

A number of companies, including Binding-Brauerei, will continue to push forward in the U.S. market with no-alcohol products. Binding distributes Clausthaler Non-Alcoholic Beer in both Germany and the United Kingdom with much success, the company reports, and plans for national distribution in the U.S. by the end of 1985.

Although small at present, there appears to be a market for these products. Moussy, an alcohol-free light malt beer imported by White Rock, passed the million case sales mark after only a year in the U.S. Alfred Morgan, Jr., says Moussy has 30% of the market and is now the world's best selling product in this category.

"Moussy's success is di-

Bottled water consumption (gallons per capita)



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rectly linked to a growing market of adults ranging from minimum drinking age to their 70s, whose drinking habits are changing to suit their increasing concern with physical well being, health maintenance and weight control," adds Mark Cooper, marketing director.

Distilled spirits showed no change at all in per capita consumption for 1984 at 1.8 gallons annually. The rate had fallen slightly in 1983, previously remaining stable at 2.0 since 1974.

Some attribute the tough drinking laws with the lack of movement; others the change in attitude toward alcohol, particularly what's considered hard alcohol, by the American consumer.

The industries are waiting to see if the trend is permanent or temporary before deciding how to combat any perception changes by the public.

Despite flat markets for these alcoholic beverages, consumers drank more wine than usual in 1984. At 2.5 gallons, it enjoyed a 5.7% hike in usage.

Domestic wine accounted for about 1.9 gallons of that total, with imports comprising the remaining .6 gallons.

The category has shown increases of much less magnitude in previous years; 1983 boasted only a 1.2% change, and 1982 a 0.3% rise over 1981.

According to Maxwell, the sudden spurt last year was due largely to the introduction of wine coolers, which sparked a great deal of market activity.

Milk shows promise

The dairy industry is saluting its mainstay—milk—once again, as it showed gains in consumption for the second year running.

At 21.1 gallons per capita, milk maintains a significant portion of the liquid consumption category. The segment showed an increase of almost 1% over 1983 figures.

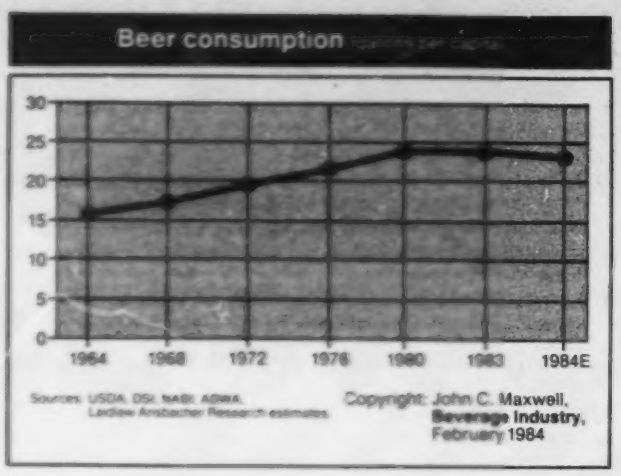
The credit for this success over what previously was considered at best a stagnant market is given mainly to lowfat and skim milks.

According to John Speer, president of Milk Industry Foundation, consumers are turning more to lowfat, 2% milks for health and dietary reasons, which is in turn spurring the entire category to increased success.

"We experienced an increase in 1984 over the last few years in nonfat and lowfat products, mainly because of the nutritional awareness and health consciousness of consumers," Speer notes.

"Also, fairly stable prices of milk have helped sales," he says.

With a $56 million industry advertising program, along with stable prices and consumer concern with health, Speer predicts a growth rate for the coming year at about 3-4%. "There are a lot of factors out there, including health and pricing. A lot of our members are advertising more, along with the activity of the promotion board."



On the warmer side

Tea sales showed a slight decline in terms of sales, but in conjunction with institutional sales, marked a slight increase in usage.

Iced tea continues to edge out hot tea in terms of consumption, accounting for almost 74% of all tea consumed.

Coffee consumption achieved its first upswing in five years.

National Coffee Assn. estimates consumption was upped from 1.85 to 1.99 cups per person, per day. No one is quite sure why, though the increase may be due in part to the generic promotional campaign begun in September 1983 covering the whole coffee category.

Nonetheless, the upward trend is expected to continue in the coming year. "Although we can't be sure, it looks like there will be a continued trend in increased coffee consumption, judging from the bean import figures," says Bob Brooks of National Coffee Assn. of U.S.A. Inc.

Powdered drinks, which hit the market in 1975 at an impressive 4.8 gallons per capita, showed a 3% decline in consumption. The category had maintained a flat or increased market since 1979.

It's possible that the new soft drinks, juices and juice drinks have detracted from this market, due to their health, taste and convenience qualities. □

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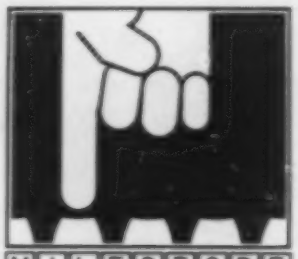

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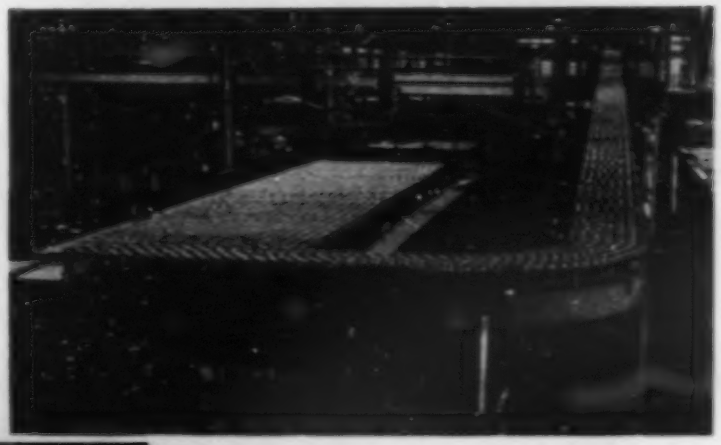

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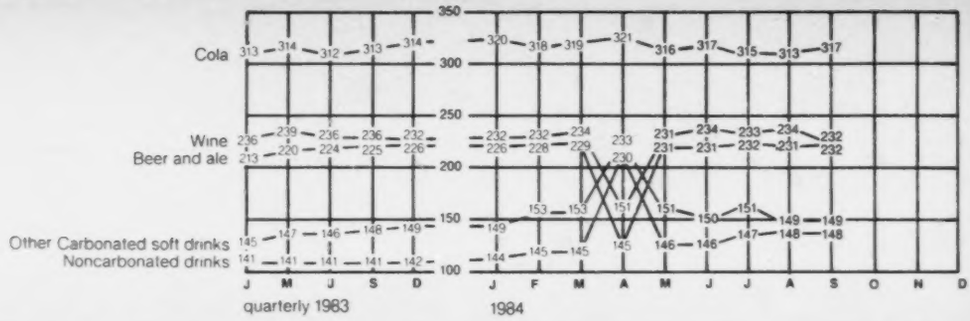
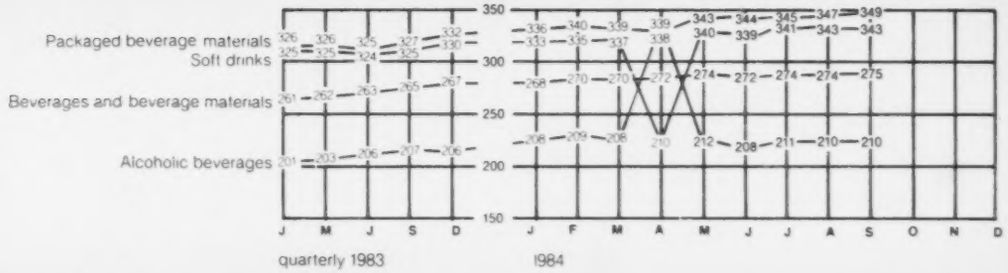
Beverage Business Indicators

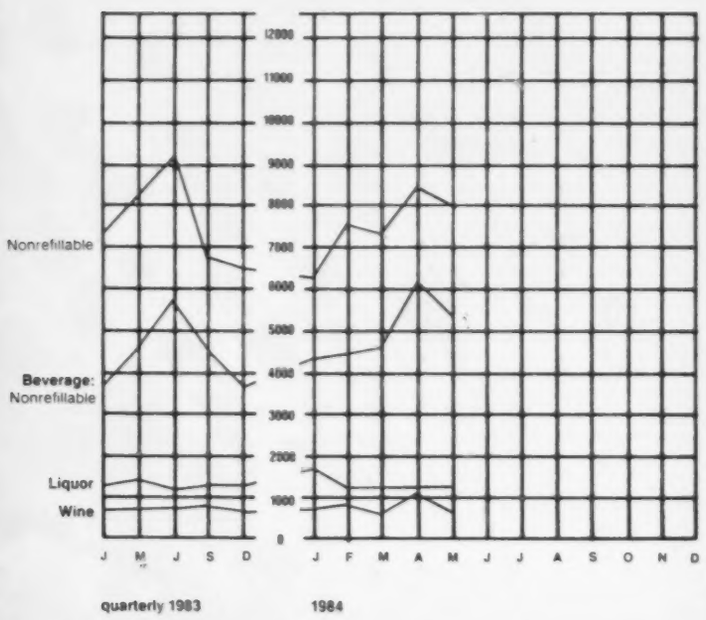
1984 CONSUMER PRICE INDEX
(1967 = 100)



1984 PRODUCER PRICE INDEX
(1967 = 100)



BOTTLE SHIPMENTS
(thousands of gross)



IMPORTED BEVERAGES
(proof gals)

	July 1984	Aug. 1984	% Change	Aug. 1983	Aug. '83 vs. Aug. '84 % Change
Beer*	24,815,053	24,367,247	(1.8)	18,069,334	34.9
Whiskey	6,687,133	5,856,563	(12.4)	7,412,365	(21.0)
Brandy	514,524	393,008	(23.6)	325,018	20.9
Gin	578,785	404,785	(30.1)	482,895	(16.2)
Rum	249,527	153,081	(38.7)	122,807	24.7
Cordials & liqueurs	859,191	739,559	(13.9)	522,621	41.5
Others	1,138,612	1,054,782	(7.4)	928,440	13.6
Total	36,718,762	36,969,025	(10.2)	27,863,480	18.3
Sparkling wines	1,049,643	1,046,075	(0.3)	694,264	50.7
Still wines, table	12,243,946	9,325,733	(23.8)	8,886,257	4.9
Still wines, fortified	164,319	199,597	21.5	156,639	27.4
Vermouth	254,112	214,443	(15.6)	182,066	17.8

*Includes ale, stout, porter
Source: National Association of Beverage Importers

ALCOHOLIC BEVERAGE REMOVALS
(barrels of 31 gals)

	June 1984	July 1984	% Change	July 1983	July '83 vs. July '84 % Change
Beer	17,449,461	17,152,740	(1.7)	17,103,625	0.3
Wine*	33,342,909	26,000,304	(22.0)	29,652,854	(12.3)
Spirits*	30,191,677	21,599,676	(28.5)	24,693,465	(12.5)

*wine gals
Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

CLOSURES FOR BEVERAGES
(thousands of gross)

	May 1984	June 1984	% Change	June 1983	June '83 vs. June '84 % Change
Metal (for spirits, wines)*	80,670	79,019	(2.0)	78,598	0.5
Plastic (for spirits, wines)*	136,974	128,944	(5.9)	148,871	(13.4)
Metal Crowns (beer & soft drinks)	14,703	15,249	3.7	14,756	3.3
Soft drink (convenience and conventional)	6,161	6,151	(0.2)	6,969	(12.0)
Beer (convenience and conventional)	8,542	9,098	6.5	7,767	17.1
All other metal closures other than crowns	9,105	9,526	4.6	8,898	7.1

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

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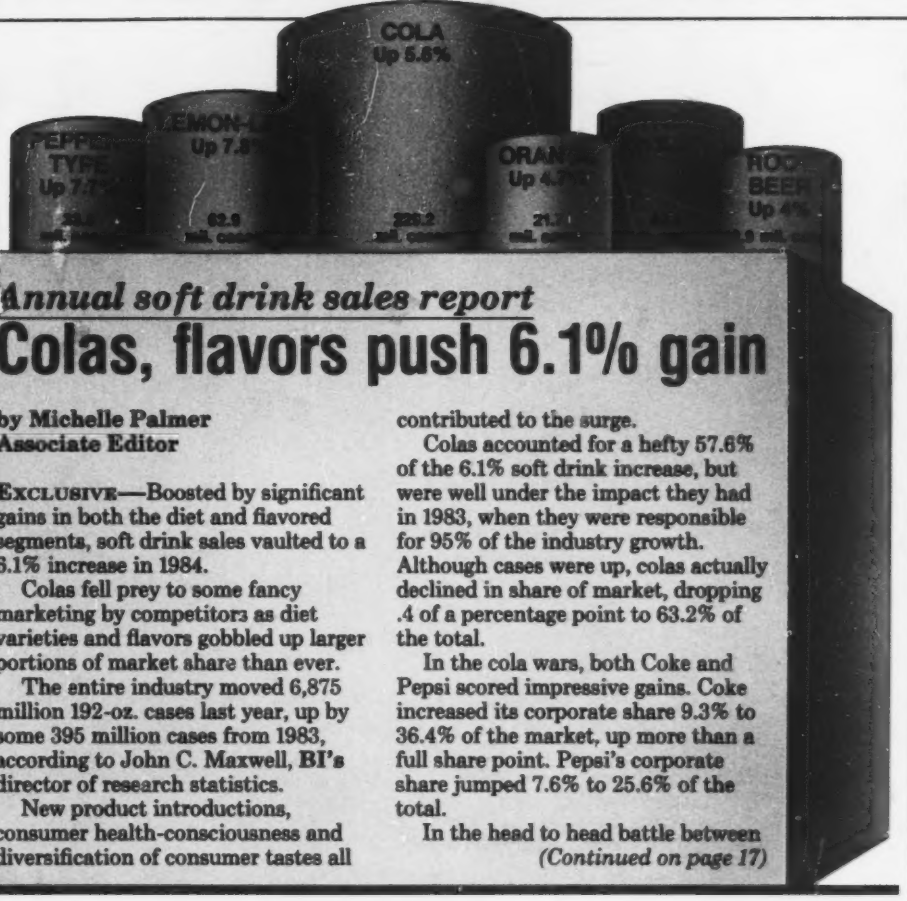
Beverage Industry

AN HBJ PUBLICATION

MARCH 1985

ASEPTICS —page 28— SPECIAL REPORT



Annual soft drink sales report

Colas, flavors push 6.1% gain

by Michelle Palmer
Associate Editor

EXCLUSIVE—Boosted by significant gains in both the diet and flavored segments, soft drink sales vaulted to a 6.1% increase in 1984.

Colas fell prey to some fancy marketing by competitors as diet varieties and flavors gobbled up larger portions of market share than ever.

The entire industry moved 6,875 million 192-oz. cases last year, up by some 395 million cases from 1983, according to John C. Maxwell, BI's director of research statistics.

New product introductions, consumer health-consciousness and diversification of consumer tastes all contributed to the surge.

Colas accounted for a hefty 57.6% of the 6.1% soft drink increase, but were well under the impact they had in 1983, when they were responsible for 95% of the industry growth. Although cases were up, colas actually declined in share of market, dropping .4 of a percentage point to 63.2% of the total.

In the cola wars, both Coke and Pepsi scored impressive gains. Coke increased its corporate share 9.3% to 36.4% of the market, up more than a full share point. Pepsi's corporate share jumped 7.6% to 25.6% of the total.

In the head to head battle between

(Continued on page 17)

Sugar growers, users square off on subsidies

NEWS ANALYSIS—Although the Reagan administration has come out strongly in favor of a reduction in farm subsidies, advocates of sugar price-supports feel they will win another extension of their support program in Congress this session.

The Sugar Users Group (SUG) — a consortium of sugar refining, soft drink, baking, chocolate, confectionary and ice cream interests — feel, however, that they have their best shot since the '70's of getting the subsidies on sugar reduced or eliminated.

Once again, the major battle will be in the House. Supports were passed there in 1981, by a mere two votes, when Reagan Republicans dropped their opposition to agricultural commodities supports in trade for southern and midwestern Democrats' votes on the Reagan budget.

The vote trading was engineered by Rep. John Breaux (D-LA), who will help spearhead the same effort with colleague Jerry Huckaby (D-LA) this year.

According to SUG spokespersons, on the Senate side, the sugar growers, led by Russel Long (D-LA) and Daniel Inouye (D-HI), have the strength. They expect Sen. Bill Bradley (D-NJ) to put up a good fight. Tom Downey (D-NY) and Willis Gattison (R-OH) will carry the fight in the House.

SUG wants to see the price of sugar, one of their major ingredients, drop. The sugar refiners can't believe that growers would push through a price support bill that is killing off their markets.

For the growers, on the other hand, the supports guarantee them a profit on sugar, and have eliminated commodity speculation in it.

(Continued on page 62)

Restraint law no help for beer industry

by Marty Westerman
Contributing Editor

NEWS ANALYSIS — The U.S. Justice Department's new Vertical Restraints Guidelines, designed to help local courts rule out nuisance antitrust suits, may have negative effects on the beer industry.

Released in late January, the guidelines are for analyzing nonprice vertical restraints under the Sherman and Clayton Acts in three areas: territorial and customer restraints; exclusive dealing arrangements; and tying arrangements.

(Continued on page 82)

NSDA gets 'Webber-izing'

New programs, structure upcoming

by Paul E. Mullins,
Editor

WASHINGTON, DC — If there were any doubts that Fred Webber intends to preside over a different NSDA when he moves into the presidency May 1, they were dispelled last month at the annual meeting of state association officials here.

Webber was the final speaker of the two-day event and gave his views on a wide range of topics, including his vision of the future of the national association. The moves being made and the moves to come are aimed at strengthening the association and making it more valuable in serving a changing soft drink industry.

Although a number of industry officials are participating in the changes, Webber described John Frazier, NSDA chairman, Jack Robertshaw, NSDA vice-chairman, Bob Delauter, outgoing NSDA chairman, and Dwight Reed, NSDA president, as the nucleus of a planning committee.

(See "Transition and future at NSDA," a transcript of Webber's speech on page 73)

Among the major accomplishments has been the establishment of a communications department headed by a professional Washington specialist, Julie McCahill.

Webber also reviewed recent NSDA promotions and praised the staff enthusiastically. He singled out Bob Bohan, vp-government affairs, commenting, "I'm glad he's my partner.

(Continued on page 76)

BI Report

■ **MILLER is introducing Magnum malt liquor in a 40-oz. NR with twist-off, resealable closure in parts of MI, OH, WI, IL, MO, and CA.**

■ **ABARTA, which holds Coca-Cola franchises for Pittsburgh, Cleveland, Buffalo and Bethlehem, PA, became the first soft drink firm to help publicize the plight of missing children. In cooperation with the Nat'l. Center for Missing and Exploited Children, the firm is placing bottle neckers with details of the missing children around its packages within each of its markets.**

■ **COCA-COLA has signed a deal with the USSR and will shortly**

(Continued on page 102)

BI Today

ALCOHOL-FREE BREWS EMERGE

A host of alcohol-free beers are making their debut on retail shelves with impressive results. Many marketers predict they'll create a profitable new segment. See page 45.

Features

10 **Is the water safe?**
Congress confronts the issues of safe drinking water and the "forbidden" pollutant list once again.

34 **Aseptics: View from the top**
Tetra Pak President Lars R. Bergwall tells **BI** in an exclusive interview that the aseptic market can look forward to an increasing number of new applications.

52 **NutraSweet: Enough for all?**
In an interview with **BI**, Tim Healy, vp-marketing of Searle's NutraSweet Group, addresses a few industry myths and asserts NutraSweet's superiority.

59 **Liquor sales drop 1%**
The latest statistics from John C. Maxwell Jr. show liquor sales dropped in '84, but imported spirits are on the rise.

64 **Helpful hints for the 3-L**
Jerome Hogan of Alcoa Packaging Equipment offers bottlers tips on their conversion to 3-L PET.

83 **OJ—not just for breakfast**
The juice industry targets the restaurant and vending markets in an effort to promote orange juice as the "anytime" drink.

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Soundoff

Rule 41 changes would weaken standards and lower performances

Speaking at a recent International Unbleached Kraft Conference in New York, an International Paper executive came out in opposition to proposed changes in Rule 41, section 222, which would allow reduction in stacking strengths of between 17%-25%.

"As our customers speed up their operations, they create a need for high-speed packaging systems, more efficient warehousing, and cost-effective distribution, and the demands on corrugated boxes are increasingly more rigorous.

"The marketplace demands quality...but the proposed changes are not market-driven; they are driven by the perceived needs of some container board manufacturers...

"...by lowering the quality of products, corrugated suppliers [believe they] will win business away from plastic packages. I think this would far more likely hurt than help the industry."

Victor Casebolt,
vp-group executive-industrial packaging
International Paper

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Colas, flavors surge for 6.1% industry gain

(Continued from page 1)

brand Coke and brand Pepsi, Coke still leads, but Pepsi gallonage was up 6.8% vs. Coke's increase of 3.1%. Only 330 million cases separate the two brands, down from 360 million in 1983. Their market shares are 21.8% and 17.0%, respectively.

Lemon lime drinks accounted for 16% of the increase in sales; pepper types made up 8.3% of the gain.

Orange and root beer swelled significantly in popularity. While they accounted for only 5.2% and 3.1% of the increase, respectively, both overcame losses in 1983 of 3.7%.

The big news was the "other" category, which includes plain and flavored seltzers used as mixers and as straight beverages, which came off a 14.5% loss in 1983 to show a 19.3% gain last year.

Diet success

The diet segment dominated an impressive 19% of the total soft drink market, up from 17.2% in 1983. Low-cal products racked up a 17.5% increase over 1983 case movements.

Diet drinks were the prime movers in the cola category, stacking up 197 of the 229 million case increase for that segment. Put another way, diet drinks made up 86% of the increase in cola sales.

While NutraSweet sweetened drinks did much in 1984 to spur both trial and repeat sales, many soft drink marketers believe the growth for diet drinks won't stop when new product introductions do. Some predict that diet soft drinks will eventually have up to a 50% share.

"We're very supportive that diet drinks could be 50% of the market," says Michael Fogarty, president and COO of Squirt Co. "We've already seen some of our markets reach that number."

As the first soft drink to convert to 100% NutraSweet, Squirt diet and regular brands jumped 9.4% in sales. Success of the diet variety boosted the regular, too, according to Fogarty.

"The increase had to do with the attention our brand gave to meeting the need for a safe diet drink that meets consumers' taste requirements," Fogarty notes.

Diet drinks' success has been spurred by a consumer desire for a quality beverage with no calories, Fogarty notes. Now that taste problems have been overcome, more people are switching from regular soft drinks. "But," he cautions, "there will always be a demand for sugar-sweetened soft drinks. The regular soft drink market will still grow."

Movement in the diet category was guided by the strong arm of diet Coke, which marked a 67.5% increase over 1983 sales.

In fact, at 141 million cases moved, diet Coke accounted for 71.6% of the total increase in the diet category.

With sales of 350 million cases, diet Coke commands 5.1% of the overall soft drink market, up from a 3.2% share in 1983, according to Maxwell.

"Diet Coke is the fastest growing major new soft drink in history," said Brian Dyson, Coca-Cola USA president at a press conference last year, "and very likely the most successful consumer product ever introduced."

Diet Pepsi was up by an impressive 42 million cases, or 26.9% over 1983.

That brand was responsible for 21.3% of the overall increase in the diet segment. Coca-Cola and Pepsi diet colas together accounted for 92.9% of all the increase in the diet category.

Diet Pepsi maintains a 2.9% share of the soft drink market, up from its 2.4% stance in 1983.

Procter & Gamble believes its Crush brand benefitted by being the first of its kind to go with 100% NutraSweet in both the orange and root beer segments. The company's Crush and Hires flavors pulled a 10.9% hike for the year.

"Our sugar-free brands, Orange Crush and Hires Root Beer, were very widely accepted by our bottlers in 1984 and were a big success for us," says Don Tassone, spokesman for Procter & Gamble. "The sugar-frees did account for a

CONSUMPTION OF SOFT DRINKS BY COMPANY

(Case equals 24 eight-oz. containers)

1980 Mil. Cases	1980 Pct. Market	1981 Mil. Cases	1981 Pct. Market	1982 Mil. Cases	1982 Pct. Market	1983 Mil. Cases	1983 Pct. Market	Company Brands	1984 Mil. Cases	1984 Pct. Market	1983-84 Change
								COCA-COLA CO.			
1,425.0	24.3%	1,463.0	24.2%	1,478.0	23.9%	1,455.0	22.5%	Coca-Cola	1,500.0	21.8%	3.1%
—	—	—	—	17.0	0.3	209.0	3.2	diet Coke	350.0	5.1	67.5
171.0	2.9	178.0	2.9	174.0	2.8	180.0	2.8	Sprite	230.0	3.3	27.8
188.0	3.2	216.0	3.6	237.0	3.8	173.0	2.7	Tab	110.0	1.6	(36.4)
98.0	1.7	88.0	1.5	80.0	1.3	71.7	1.1	Fanta	71.0	1.0	(1.0)
—	—	—	—	—	—	30.0	0.5	Caffeine Free Diet Coke	65.0	0.9	116.7
50.0	0.8	53.0	0.9	50.0	0.8	42.0	0.6	Mello Yello	40.5	0.6	(3.6)
—	—	—	—	—	—	30.0	0.5	Caffeine Free Coke	38.0	0.6	26.7
—	—	—	—	23.5	0.4	20.0	0.3	Diet Sprite	31.0	0.5	55.0
39.0	0.7	34.0	0.6	29.5	0.5	24.8	0.4	Mr. Pibb	23.8	0.3	(4.0)
—	—	—	—	—	—	15.0	0.2	Caffeine Free Tab	12.0	0.2	(20.0)
26.0	0.4	24.0	0.4	19.2	0.3	12.0	0.2	Fresca	6.0	0.1	(50.0)
25.0	0.4	26.0	0.4	26.0	0.4	26.0	0.4	Others	24.5	0.4	(5.8)
2,022.0	34.4	2,082.0	34.5	2,134.2	34.5	2,288.5	35.3	Total	2,501.8	36.4	9.3
								PEPSICO, INC.			
1,056.0	17.9	1,104.0	18.3	1,120.0	18.1	1,095.0	16.9	Pepsi-Cola	1,170.0	17.0	6.8
169.0	2.9	179.0	3.0	175.0	2.8	175.0	2.7	Mountain Dew	185.0	2.7	5.7
154.0	2.6	173.0	2.9	180.0	2.9	156.0	2.4	Diet Pepsi	198.0	2.9	26.9
						95.0	1.5	Pepsi Free and	93.0	1.4	(2.1)
—	—	—	—	20.0	0.3	65.0	1.0	Sugar Free Pepsi Free	70.0	1.0	7.7
24.0	0.4	29.0	0.5	30.0	0.5	25.5	0.4	Pepsi Light	15.0	0.2	(41.2)
15.0	0.3	14.0	0.2	10.0	0.2	10.0	0.2	Teem	10.0	0.1	—
17.0	0.3	16.0	0.2	15.0	0.2	15.0	0.2	Others	20.0	0.3	33.3
1,435.0	24.4	1,515.0	25.1	1,550.0	25.0	1,636.5	25.3	Total	1,761.0	25.6	7.6
								SEVEN-UP CO.*			
317.0	5.4	301.0	5.0	325.0	5.2	352.0	5.4	7-Up	355.5	5.2	1.0
64.0	1.1	70.0	1.2	79.0	1.3	85.3	1.3	Diet 7-Up	95.2	1.4	11.6
—	—	—	—	16.0	0.3	24.0	0.4	Like	20.0	0.3	(16.7)
—	—	—	—	—	—	4.2	0.1	Sugar Free Like	5.0	0.1	19.0
9.0	0.2	8.0	0.1	6.0	0.1	4.5	0.1	Dixie Cola	3.5	—	(22.2)
1.0	—	1.0	—	0.5	—	0.3	—	Howdy Flavors	0.3	—	—
391.0	6.7	380.0	6.3	426.5	6.9	470.3	7.3	Total	479.5	7.0	2.0
								DR PEPPER			
323.0	5.5	326.0	5.4	315.4	5.1	317.5	4.9	Dr Pepper	349.1	5.1	10.0
69.1	1.2	79.5	1.3	81.5	1.3	73.9	1.1	Sugar Free Dr Pepper	68.4	1.0	(7.4)
—	—	—	—	—	—	10.0	0.2	Sugar Free Pepper Free	10.3	0.1	3.0
—	—	—	—	—	—	10.0	0.2	Pepper Free	9.3	0.1	(7.0)
30.0	0.5	31.6	0.5	31.7	0.5	29.2	0.5	Welch's	30.2	3.4	
422.1	7.2	437.1	7.2	428.6	6.9	440.6	6.9	Total	467.3	6.8	6.1
								R.J. REYNOLDS† CANADA DRY CORP			
60.2	1.0	63.2	1.1	68.0	1.1	76.0	1.2	Ginger Ale	81.0	1.2	6.6
27.0	0.5	33.0	0.5	36.5	0.6	40.1	0.6	Club Soda/Seltzer	42.0	0.6	4.7
26.8	0.4	28.0	0.5	29.1	0.5	30.6	0.5	Tonic, Bitter Lemon	30.0	0.4	(2.0)
15.3	0.3	14.3	0.2	13.0	0.2	10.8	0.2	Barrelhead	8.0	0.1	(25.9)
4.0	0.2	4.2	0.1	3.4	0.1	2.7	—	Wink	2.0	—	(25.9)
—	0.5	25.0	0.4	21.0	0.3	20.0	0.3	Others	22.0	0.3	10.0
164.3	2.9	167.7	2.8	171.0	2.8	180.2	2.8	Total	185.0	2.6	2.7
								SUNKIST ‡			
76.0	1.3	88.0	1.5	96.0	1.6	98.0	1.5	Sunkist	100.0	1.5	2.0
2.0	—	10.0	0.1	20.0	0.3	18.0	0.3	Diet Sunkist	14.0	0.2	(22.2)
78.0	1.3	98.0	1.6	116.0	1.9	116.0	1.8	Total	114.0	1.7	(1.7)
54.5	0.9	44.0	0.7	38.5	0.6	35.0	0.5	COTT CORP	32.0	0.5	(8.6)
21.0	0.4	20.0	0.3	19.4	0.3	17.5	0.3	NO-CAL	17.0	0.2	(2.9)
317.8	5.5	329.7	5.4	344.9	5.6	348.7	5.4	Grand Total	348.0	5.0	(0.2)

(Continued on page 18)

CONSUMPTION OF SOFT DRINKS BY COMPANY (Continued from page 17)

(Case equals 24 eight-oz. containers)

1980 Mil. Cases	1980 Pct. Market	1981 Mil. Cases	1981 Pct. Market	1982 Mil. Cases	1982 Pct. Market	1983 Mil. Cases	1983 Pct. Market	Company Brands	1984 Mil. Cases	1984 Pct. Market	1983-84 Change
								ROYAL CROWN-COS.			
166.5	2.9%	149.0	2.5%	144.0	2.3%	134.6	2.1%	Royal Crown	133.3	1.9%	(1.0)%
37.0	0.6	37.0	0.6	35.0	0.6	29.1	0.4	Diet Rite Cola	37.4	0.6	28.5
								RC100			
—	—	20.0	0.3	49.0	0.8	43.4	0.7	(Regular & Sugar Free)	22.3	0.3	(48.8)
50.0	0.8	43.0	0.7	38.0	0.6	40.3	0.6	Nehi and Others	42.0	0.6	4.2
253.5	4.3	249.0	4.1	266.0	4.3	247.4	3.8	Total	235.0	3.4	(5.0)
105.0	1.8	109.0	1.8	109.0	1.8	103.0	1.6	SHASTA BEVERAGES[a]	111.0	1.6	7.8
								MONARCH CO.			
18.0	0.3	17.0	0.3	17.3	0.3	19.0	0.3	Nesbitts	19.3	0.3	1.6
16.0	0.3	17.0	0.3	16.8	0.3	16.0	0.2	Frostie Root Beer	16.5	0.3	3.1
14.4	0.2	14.4	0.2	15.0	0.3	15.2	0.2	NuGrape	15.7	0.2	3.3
8.5	0.2	8.4	0.1	8.3	0.2	8.0	0.1	Sun Crest	8.2	0.1	2.5
2.2	—	2.2	—	2.3	—	2.4	—	Mexie	2.5	—	4.2
NA	—	NA	—	NA	—	—	—	Kickapoo	—	—	—
3.5	0.1	3.0	0.1	2.5	—	2.1	—	Mason's Root Beer	2.1	—	—
1.9	—	0.7	—	NA	—	—	—	Flavette	—	—	—
1.3	—	1.3	—	1.1	—	1.1	—	Dr. Wells	1.1	—	—
33.0	0.6	34.0	0.6	33.0	0.5	32.8	0.5	Other	32.0	0.5	(2.4)
99.3	1.7	98.0	1.6	96.3	1.6	96.6	1.5	Total	97.4	1.4	0.8
64.8	1.1	72.0	1.2	81.5	1.3	83.2	1.3	CADBURY SCHWEPPES USA, INC.	86.7	1.3	4.2
								CRUSH INTERNATIONAL			
56.8	1.0	59.1	1.0	66.0	1.1	68.0	1.0	Hires, Crush, etc.	75.4	1.1	10.9
8.5	0.1	8.7	0.1	9.5	0.1	10.0	0.2	Sun Drop	10.6	0.2	6.0
65.3	1.1	67.8	1.1	74.5	1.2	78.0	1.2	Total	86.0	1.3	10.3
53.8	0.9	64.0	1.1	70.5	1.1	75.4	1.2	SQUIRT CO.	82.5	1.2	9.4
								A&W BEVERAGES			
40.0	0.7	41.1	0.7	42.5	0.7	44.9	0.7	A & W	49.6	0.7	11.2
18.0	0.3	19.9	0.3	21.9	0.3	21.9	0.3	Sugar Free A & W	20.2	0.3	(7.8)
58.0	1.0	61.0	1.0	64.5	1.0	66.5	1.0	Total	69.8	1.0	5.0
								DAD'S ROOT BEER COMPANY			
34.1	0.6	34.0	0.6	32.8	0.5	32.9	0.5	Dad's Root Beer	34.3	0.5	4.3
15.6	0.3	18.5	0.3	18.2	0.3	18.7	0.3	Bubble Up	20.6	0.3	10.2
6.7	0.1	6.8	0.1	6.9	0.1	7.1	0.1	Diet Dad's	6.5	0.1	(8.5)
56.4	1.0	59.3	1.0	57.7	0.9	58.7	0.9	Total	61.4	0.9	4.6
39.9	0.7	39.0	0.7	40.0	0.6	40.5	0.6	DOUBLE COLA CO.	39.5	0.6	(2.5)
22.1	0.4	25.2	0.4	29.8	0.5	32.5	0.5	FAYGO	33.6	0.5	3.4
29.5	0.5	29.5	0.5	28.0	0.5	28.0	0.4	FRANK'S BEVERAGES	27.5	0.4	(1.8)
13.9	0.2	16.9	0.3	19.1	0.3	19.3	0.3	BARQ'S	19.8	0.3	2.6
12.8	0.2	13.5	0.2	13.8	0.2	15.1	0.2	CRAGMONT (SAFEWAY)	16.5	0.2	9.3
10.5	0.2	11.0	0.2	12.0	0.2	14.0	0.2	CHEK (WINN-DIXIE)	15.3	0.2	9.3
10.2	0.2	11.0	0.2	11.5	0.2	12.8	0.2	BIG K (KROGER)	14.4	0.2	12.5
—	—	—	—	20.0	0.3	14.0	0.2	C & C COLA PRODUCTS	12.0	0.2	(14.3)
—	—	—	—	—	—	6.9	0.1	SEAGRAMS[c]	12.0	0.2	73.9
8.0	0.1	7.2	0.1	6.8	0.1	6.4	0.1	COTTON CLUB	6.0	0.1	(6.3)
2.9	—	3.1	0.1	3.5	0.1	3.7	0.1	YUKON (A & P)	3.8	0.1	2.7
								CONSOLIDATED CHOCOLATE CO.			
1.2	—	1.2	—	1.3	—	1.5	—	Chocolate Soldier	1.8	—	6.7
0.5	—	0.5	—	0.5	—	0.5	—	Brownie	0.5	—	—
0.5	—	0.5	—	0.5	—	0.5	—	Choc-ola	0.5	—	—
0.4	—	0.5	—	0.6	—	0.6	—	Other	0.4	—	(33.3)
2.6	—	2.7	—	2.9	—	3.1	—	Total	3.0	—	(3.2)
5,496.4	93.6	5,883.0	94.2	5,997.0	95.1	6,189.7	95.5	Total	6,590.8	95.9	(6.5)
378.6	6.4	352.0	5.8	303.0	4.9	290.3	4.5	OTHERS	284.2	4.1	(2.1)
5,875.0	100.0%	6,035.0	100.0%	6,200.0	100.0%	6,480.0	100.0%	Grand Total	6,875.0	100.0%	6.1%

[a] Represents partial year last market shares in 1983 and distribution in about 42% of the U.S. market in 1984.
[b] Dunkin was purchased by R.J. Reynolds in 1984.
[c] Seagrams is a division of Consolidated Products. Shasta figures exclude sales of C&C Products.
[d] Subsidiary of Philip Morris, Inc.
[e] R.J. Reynolds includes: Canada Dry Corp., Sunkist, Cott Corp. and No-Cal.

Source: Liebler Andelsohn Inc.

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Beverage Industry
March 1985

sizable part of our increase in 1984."

Diet versions in the lemon lime category also marked impressive gains in sales. Diet Sprite sales jumped by 55%, or 11 million cases.

Diet 7UP also boasted a significant increase, up by 11.6% or 9.9 million cases, while regular 7UP rose only 1%.

Not all, however, believe success will be found in a pure 100% formulation. Dr Pepper has no plans to switch from its NutraSweet/saccharin blend, based on tests indicating customers we're pleased with the taste.

"We like our blend. We'll stay with it," says Dr Pepper's Jim Ball, vp communications.

Not only would the conversion not improve the flavor of the product, Ball says, but it would increase costs for the bottler.

Sugar Free Dr Pepper sales nosedived 7.4% in 1984. Still, the company holds firm. "All any of us is selling is taste," Ball says. "If it's acceptable, we feel we're doing our job."

Others, however, that joined the clamor for NutraSweet but were not able to capitalize on its consumer acceptance because of a limited supply, admittedly felt the shortage in their pocketbooks.

A&W, for example, pulled an impressive 11.2% gain in regular A&W, but watched its sugar-free version drop 7.8% in sales.

"We're just beginning to get NutraSweet now," says Michael Weinstein, senior vp-marketing. "The problem was probably a consumer perception that products don't taste as good without NutraSweet."

Recognizing the growth potential in the diet category, along with the amount of dollars behind diet cola marketing in the past few years, A&W is taking aggressive action. "We're putting one-half of our media weight behind sugar-free A&W in 1985," Weinstein states.

Other companies unable to get NutraSweet initially, will be broadening their bases in that segment with the addition of the sweetener in their products this year.

Flavors forge ahead

Flavor fanciers were out in force last year, buying more orange, root beer, lemon limes and pepper type drinks than ever before.

Dr Pepper had a good year, showing a 10% gain in its flagship brand.

Like many franchise companies last year, Ball attributes the increase to improved marketing and better communication and responsiveness by Dr Pepper franchises.

"Bottler confidence returned in 1984," Ball notes. "We got back on track in communicating with bottlers."

He also cited increased attention to fountain service as

MARKET SHARE BY TYPE

1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983		1984
63.0%	63.0%	62.5%	61.7%	62.1%	62.2%	62.4%	62.3%	62.3%	62.4%	62.6%	62.1%	63.6%	Cola	63.2%
12.0	12.0	12.5	12.8	12.9	12.7	12.4	12.3	12.1	11.8	11.6	12.0	12.5	Lemon-Lime	12.7
3.9	4.7	5.3	6.4	6.3	6.5	7.2	7.5	7.5	7.5	7.4	7.0	6.8	Pepper Type	6.9
8.4	8.4	8.2	8.0	7.9	7.8	7.4	7.4	7.3	7.4	7.4	7.6	7.1	Orange	7.0
5.0	5.0	5.0	5.2	5.2	5.2	5.3	5.4	5.5	5.5	5.5	5.4	5.0	Root Beer	4.9
7.7	6.9	6.5	5.9	5.6	5.6	5.3	5.1	5.3	5.4	5.5	5.9	5.0	All Others	5.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	Total	100.0%

Includes diet drinks.

Source: Laidlaw Anobacher Inc.

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Beverage Industry
March 1985

an area of much growth for the brand.

The lemon lime category once again saw growth, with 7UP 1.0% and Diet 7Up at 11.6% growth.

Sprite registered 27.8% growth for the regular and 55% for diet. Effective marketing helped spur the dynamic growth, say Coke sources.

"Our advertising campaign, without a doubt, contributed significantly, along with the McDonald's account authorization, in substantially increasing sales," says a Coca-Cola spokesman.

A&W also came off a "fabulous" year, according to Michael Weinstein. "All our programs really came together—good advertising, bottler support and the package changes which we did last year, had their full impact this year," Weinstein says.

Sales of regular A&W root beer were up 11.2%, well over the industry root beer average of 4.0%. The company moved 49.6 million cases last year, 5 million over the 1983 total.

Dad's Root Beer was also up 4.3%, to 34.3 million cases, after relatively flat growth in 1983.

According to Tassone, the flavor category is expanding enough to accommodate increases in both diet and regular versions.

"Introduction of our sugar-free products did not cannibalize any existing sugar business," he says, "because flavors, overall, are enjoying increases."

Flavored seltzer

Club soda, mineral waters and particularly naturally-flavored waters began to show signs of significant market impact.

A number of companies are diving wholeheartedly into that segment—and with impressive results.

Canada Dry showed gains of 4.7% in its club soda/seltzer lines, used by consumers both as mixers and as straight beverages.

Canada Dry also unleashed last year its lemon-lime flavored seltzer to 50% of its bottlers across the country. That introduction is reflected in its "other" category, which leaped by 10%.

PER CAPITA CONSUMPTION OF SOFT DRINKS

	Million Cases Consumed	Gallons Per Capita
1984	6,875	43.2
1983	6,480	41.5
1982	6,200	40.1
1981	6,035	39.5
1980	5,875	38.9
1979	5,700	38.1
1978	5,500	37.1
1977	5,260	35.9
1976	4,890	33.7
1975	4,460	31.0
1974	4,460	31.4
1973	4,440	31.5
1972	4,200	30.1
1971	3,950	28.6
1970	3,675	27.0
1969	3,475	25.9
1968	3,300	24.8
1967	3,100	23.5
1966	2,910	22.3
1965	2,625	20.3
1964	2,430	19.1
1963	2,245	17.9

Source: Laidlaw Anobacher Inc.

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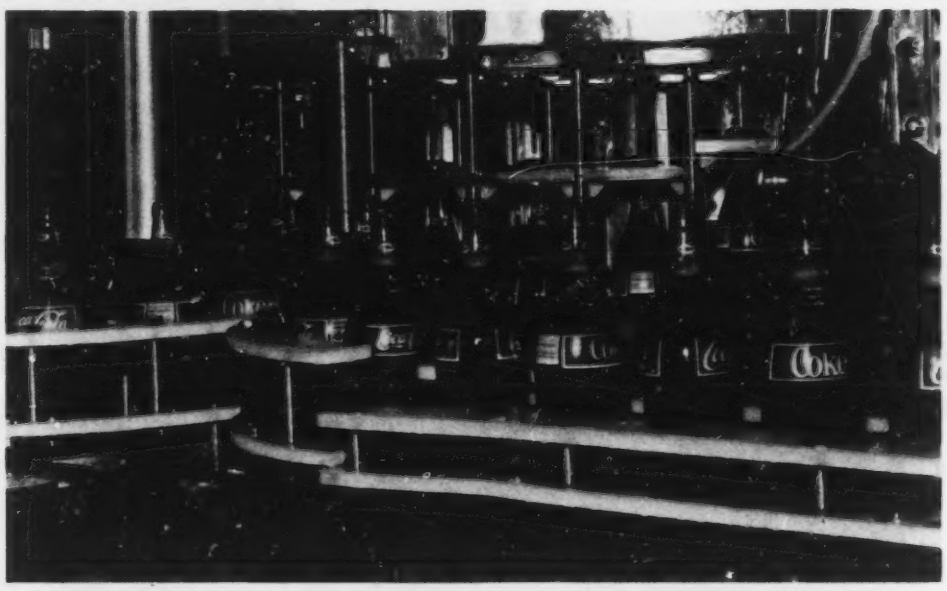
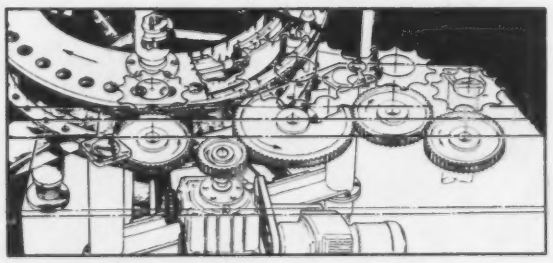
The VMH Silverstream Beverage Filler:

The Simplicity And Reliability Of Gear-To-Gear Drive. 3-L PET On Every VALVE



Unique in the industry, the VMH gear-to-gear drive system minimizes the broken bottles, machine damage, and product flow stoppages associated with the timing imperfections common to belt drive and other inferior systems.

Each rotary motion in the Silverstream filler is driven by a positively meshed gear on the same plane as the main drive pinion.



The VMH drive system ensures the smooth bottle handling critical to efficient carbonated beverage filling and contributes in turn to the filler's established ability to fill at temperatures up to 55° F and beyond.

The simplicity of the system makes light of regular operation and maintenance chores.

Silverstream fillers are available to handle your range of bottle sizes at speeds to match most any requirement. The sensible engineering incorporated in the drive system in carried throughout the machine.

Contact VMH today to find out all the ways the Silverstream filler will ensure maximum efficiencies in your bottling line.

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LEMON-LIME CONSUMPTION*

1980 Mil. Cases	1980 Market	1980 Pct. Change	1981 Mil. Cases	1981 Market	1981 Pct. Change	1982 Mil. Cases	1982 Market	1982 Pct. Change	1983 Mil. Cases	1983 Market	1983 Pct. Change	Company	1984 Mil. Cases	1984 Market	1984 Pct. Change
381.0	54.0%	(0.7)%	371.0	53.0%	(2.6)%	404.0	54.5%	8.9%	437.3	54.0%	8.2%	Seven-Up	450.7	51.7%	3.1%
171.0	24.3	3.6	178.0	25.4	4.1	197.5	26.6	11.0	242.0	29.9	22.5	Coca-Cola	301.5	34.6	24.6
15.0	2.1	—	14.0	2.0	(6.7)	10.0	1.3	(28.6)	10.0	1.2	—	PepsiCo	10.0	1.1	—
567.0	80.4	0.6	583.0	80.4	(0.7)	611.5	82.5	8.6	689.3	85.2	12.7	Subtotal	762.2	87.4	10.6
138.0	19.6	9.2	137.0	19.6	(5.1)	130.0	17.5	(5.1)	120.0	14.8	(7.7)	All Others	110.0	12.6	(8.3)
705.0	100.0%	2.2%	700.0	100.0%	(1.8)%	741.5	100.0%	5.9%	809.3	100.0%	9.1%	Total	872.2	100.0%	7.8%
	12.0%			11.8%			12.0%			12.5%		% of Total Market		12.7%	

*Does not include Hill Billy drinks or Fresca.

Source: Lellitzer Anstiecher Inc.

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Beverage Industry
March 1985

"The total seltzer category is growing by over 60%," says Connie Rizzo, marketing manager of soft drinks for Canada Dry.

According to the company, distribution of the lemon lime flavor will become national in 1985, and distribution of two new flavors—mandarin orange and grapefruit—will reach 50% of the country by the end of this year.

The products are being consumed straight as a refreshing beverage, Rizzo says, and are the fastest-growing segment of the beverage industry.

Rizzo feels the natural products are taking a little business from both the cola and flavor markets, mainly due to the changing tastes of the consumer.

Seltzers do not, however, draw typical drinkers of diet soft drink, Rizzo notes. "Growth of seltzers is not coming at the expense of the diet segment," she states.

Instead, seltzer drinkers are usually educated about the product, and use it because it contains no sugar, salt or artificial additives, Rizzo explains.

Seagram's also had a good year with its line of mixers and ginger ale, experiencing a 73.9% growth for the product in 1984.

Movement of the line totalled 12 million cases for the year, up from 6.9 million in 1983.

The cola story

Colas did account for 57.6% of the increase experienced in the industry, but were guided mainly by the diet segment.

For the first time in years, colas lost some market share, down to 63.2% from 63.6% in 1983. The category did increase in unit sales, though, by a substantial 5.6%, falling just short of the industry average 6.1%.

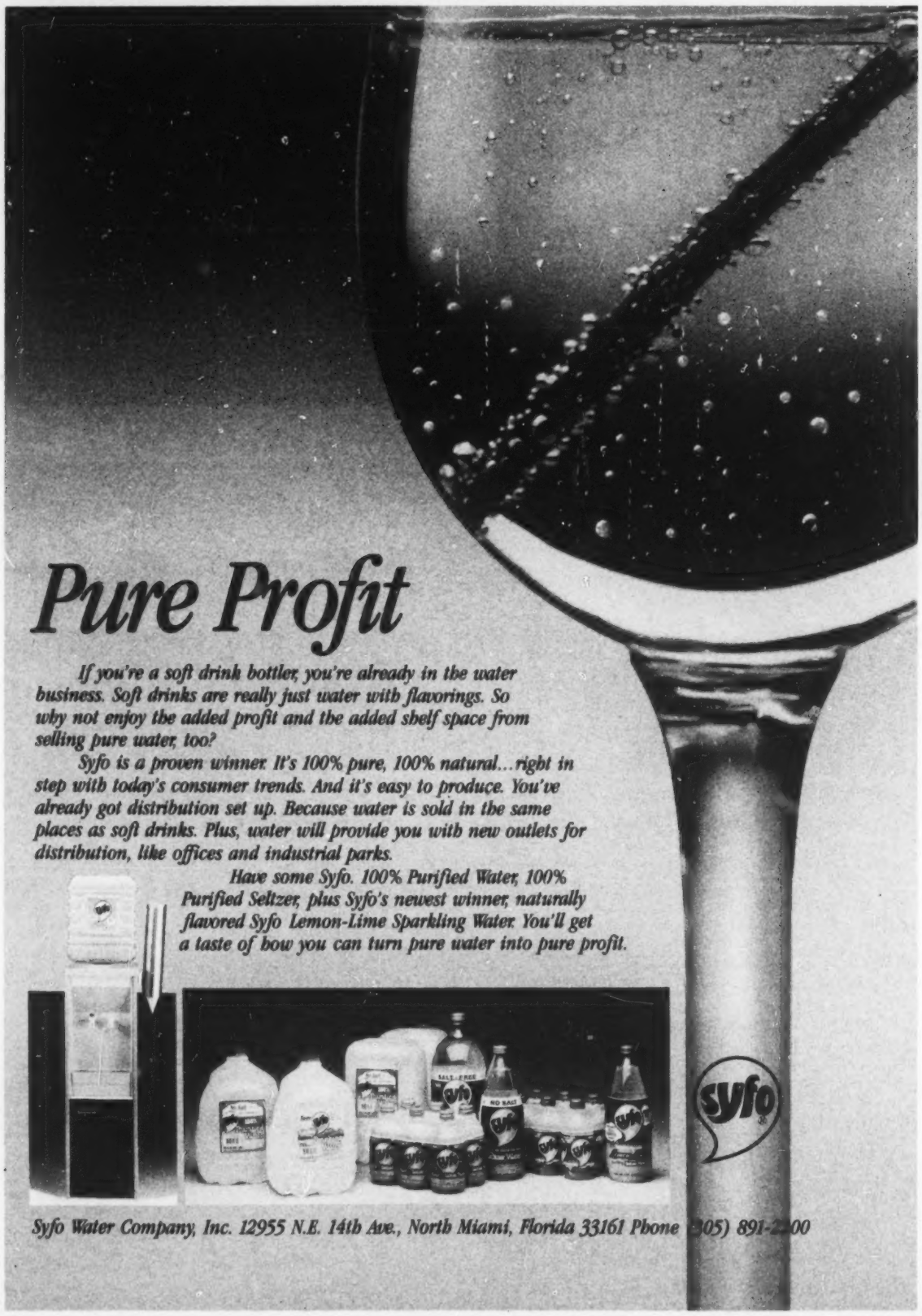
Coca-Cola maintained its dominant edge in the industry, moving 1,500 million cases of regular product for the year, for an increase of 3.1%. It continues to command 21.8% of total market share, although it lost a little footing from 1983, when it carried 22.5%.

Pepsi-Cola, at 1,170 million cases sold, made strides in market share, up to 17% from 16.9% a year ago.

Pepsi showed an increase of 6.8% for the year, above the industry average.

"Pepsi-Cola had this kind of year because of one major, overriding factor and three contributing factors," says John H. Costello, senior vp-marketing for Pepsi-Cola USA. "The overriding factor was the partnership we had between the bottlers and the company, and that whole sense of partnership gave us a great base to start off with."

Costello went on to point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COLA CONSUMPTION*

1980 Mil. Cases	1980 Market	1980 Pct. Change	1981 Mil. Cases	1981 Market	1981 Pct. Change	1982 Mil. Cases	1982 Market	1982 Pct. Change	1983 Mil. Cases	1983 Market	1983 Pct. Change	Company	1984 Mil. Cases	1984 Market	1984 Pct. Change
1,613.0	44.0%	5.1%	1,679.0	44.4%	4.1%	1,715.0	44.6%	2.1%	1,912.0	46.4%	11.5%	Coca-Cola	2,075.0	47.7%	8.5%
1,234.0	33.6	3.9	1,306.0	34.6	5.8	1,350.0	35.1	3.4	1,436.5	34.9	6.4	Pepsi-Cola	1,546.0	35.6	7.6
203.5	5.5	3.3	206.0	5.4	1.2	228.0	5.9	10.7	207.1	5.0	(9.2)	Royal Crown	193.0	4.4	(6.8)
—	—	—	—	—	—	—	—	—	32.7	0.8	—	Seven-Up	28.5	0.7	(12.8)
3,050.5	83.1	4.5	3.191.0	84.4	4.6	3,293.0	85.7	3.2	3,588.3	87.1	9.0	Subtotal	3,842.5	88.4	7.1
619.5	16.9	(1.8)	589.0	15.6	(4.9)	550.0	14.3	(6.6)	530.0	12.9	(3.6)	All Others	505.0	11.6	(4.7)
3,670.0	100.0%	3.4%	3,780.0	100.0%	3.0%	3,843.0	100.0%	1.7%	4,118.3	100.0%	7.2%	Total	4,347.5	100.0%	5.6%
	62.5%			62.6%			62.0%			63.6%		% of Total Market		63.2%	

*Includes diet colas.

Source: Laidlaw Ansbacher Inc.

Copyright: John C. Maxwell Jr.
Beverage Industry
March 1985

out that first contributing factor was a great advertising program, all across the board. Second were a host of big, exciting new ideas, like signing the Jacksons and Lionel Richie as advertising spokesmen.

"Third, and no less important than the other two, we got back to the basics. Bottlers got out there and sold; they worked with the trade and were very creative," Costello states.

"And they understood the effect of these three factors coming together and that the basics were no less important than any of the others," he notes.

Seven-Up Co.'s Like Cola was down in 1984, by 16.7%, but its sugar-free version swelled by 19%.

Royal Crown Cola also felt a crunch of 1.0% in its regular brand, but more than filled the gap with a 28.5% gain in the Diet Rite brand.

While colas accounted for 57.6% of the overall gain in the industry, that figure is substantially less than the leads cola showed the market in 1983.

Some believe the increase in popularity of flavors, particularly lemon limes and seltzers, is cannibalizing the cola market.

"Introduction of our sugar-free products did not cannibalize any existing sugar business, because flavors, overall, are enjoying increases."

"There are some signs of erosion in the cola category," states one industry source. He believes it will take a dramatic new product or category introduction to spur the market onto continued heights.

Many, however, see the diet colas as the biggest competitor to the regular cola.

"Diet colas are drawing cola users away from regular," says Michael Weinstein.

Admittedly, however, the vast majority of advertising attention and dollars have focused on the diet versions, particularly by the majors.

While Brian Dyson stated at a press conference that diet soft drinks is where the action is, "We'll continue to vigorously support Coca-Cola and all of our brands with a full range of proven and new marketing techniques."

With sales of regular Coke up by only a marginal 3.1%, and Pepsi hot on the trail, it's likely the company will redirect some marketing strategy toward its flagship brand.

However, it's not likely that the overall cola category will suffer too much, despite indications of consumer desires for variety.

While Squirt marked significant gains, Fogarty doesn't believe it came at the expense of colas. "The numbers show that cola is still a very large market," he points out.

"People are picking up other flavors with colas; people's tastes are becoming more diverse," he notes.

Another industry source agrees. "People will always buy colas along with some other flavor, and the other flavors will fight amongst themselves for that spot."

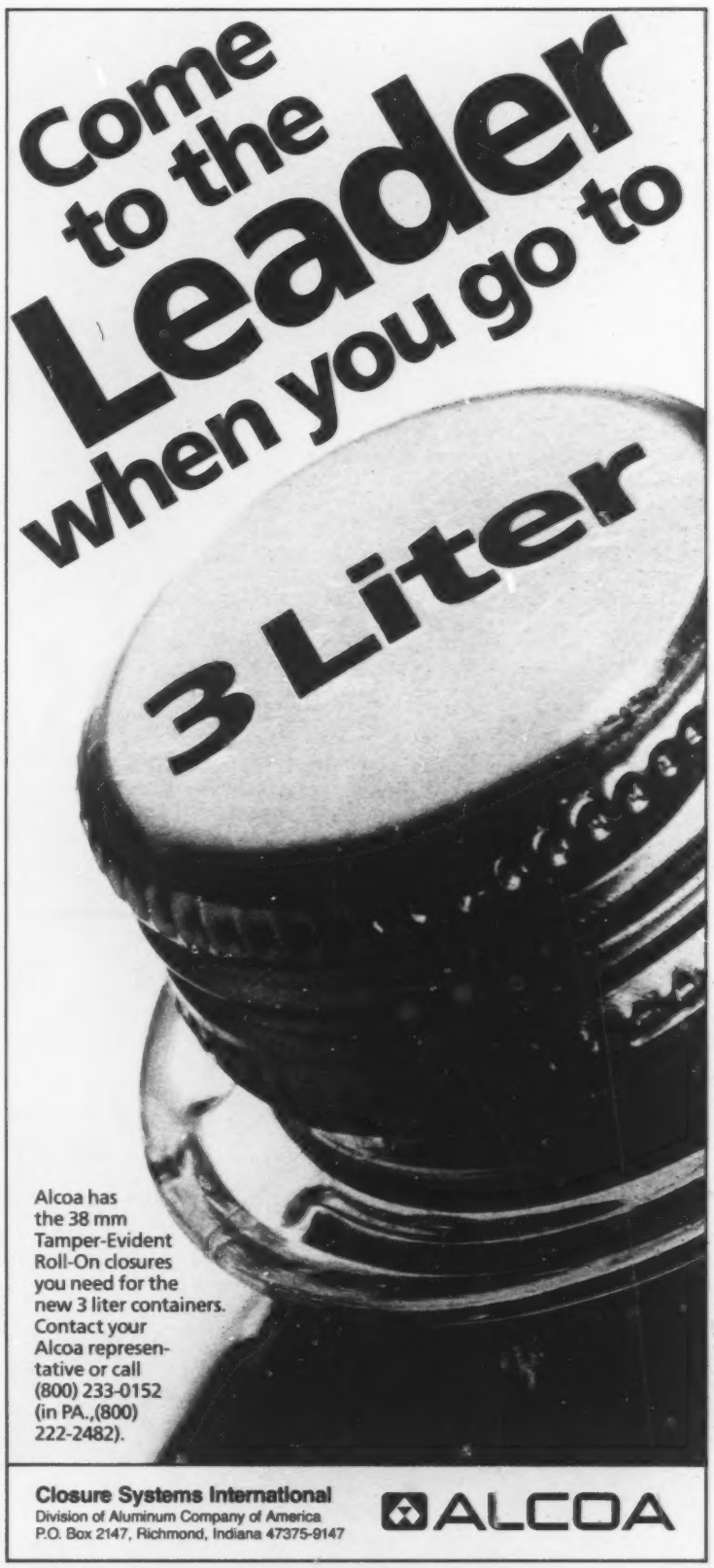
Caffeine-frees

With an increase of 36.6 million cases in 1984, caffeine-free colas and pepper-type drinks accounted for 9.3% of overall industry growth. The segment itself was up 10%.

The caffeine-free category now controls 5.9% of the market, up from last year's 5.6% share. While some believe the market may have plateaued at that level, others point to the success of other products, like coffee, as examples of the potential for products with no caffeine.

Others don't agree. "It's dying out," says one industry source. "Caffeine in soft drinks is a non-issue; it was only an advertising gimmick."

(Continued on page 68)



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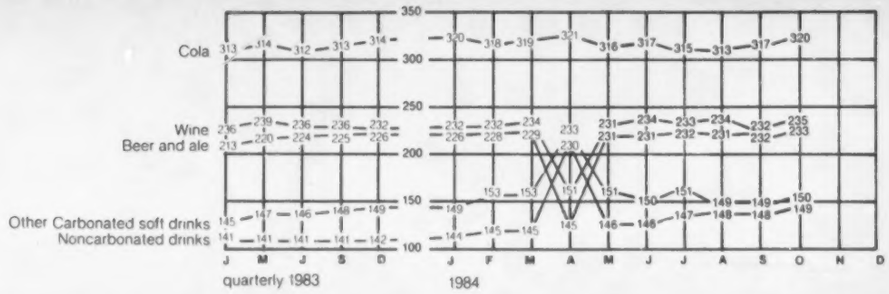
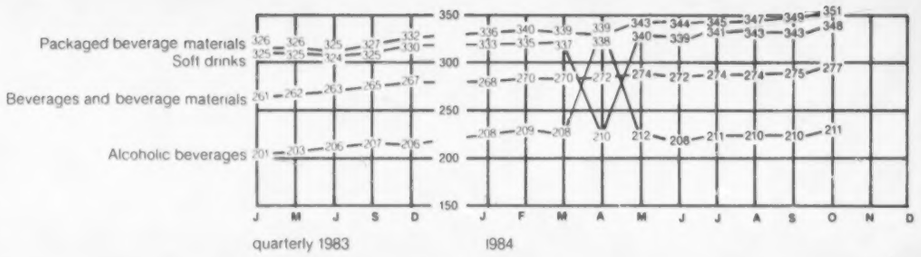
Beverage Business Indicators*

1984 CONSUMER PRICE INDEX (1967 = 100)

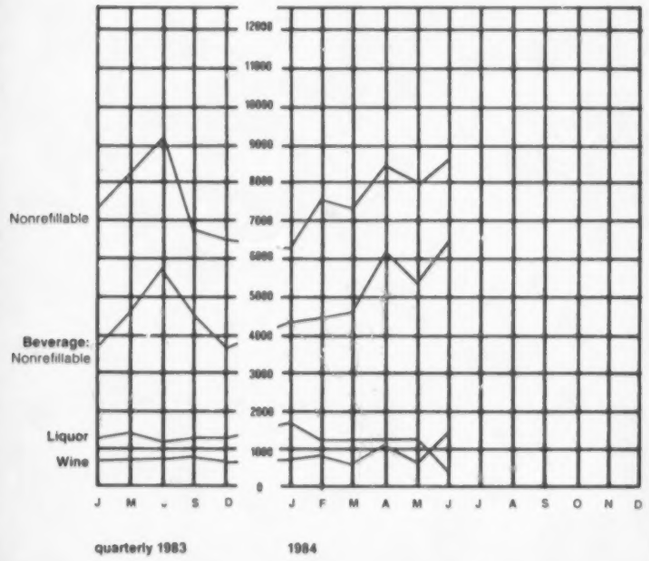


1984 PRODUCER PRICE INDEX (1967 = 100)



BOTTLE SHIPMENTS

(thousands of gross)



IMPORTED BEVERAGES

(proof gals)

	Aug. 1984	Sept. 1984	% Change	Sept. 1983	Sept. '83 vs. Sept. '84 % Change
Beer*	24,367,247	23,497,170	(3.6)	18,928,432	24.1
Whiskey	5,856,563	5,946,188	1.5	4,769,813	24.7
Brandy	393,008	528,355	34.4	417,284	26.6
Gin	404,785	546,481	35.0	399,812	36.7
Rum	249,527	177,976	16.3	140,145	27.0
Cordials & liqueurs	859,191	819,489	10.8	859,637	(4.7)
Others	1,138,612	959,505	(9.0)	757,199	26.7
Total	36,718,762	32,574,164	(1.5)	26,272,322	23.8
Sparkling wines	1,049,643	1,291,506	23.5	844,918	52.9
Still wines, table	12,243,946	10,464,515	12.2	9,030,295	15.9
Still wines, fortified	164,319	231,329	15.9	202,851	14.0
Vermouth	254,112	240,982	12.4	184,009	31.0

*Includes ale, stout, porter
Source: National Association of Beverage Importers

ALCOHOLIC BEVERAGE REMOVALS

(barrels of 31 gals)

	July 1984	Aug. 1984	% Change	Aug. 1983	Aug. '83 vs. Aug. '84 % Change
Beer	17,152,740	17,216,116	0.4	17,609,867	(2.2)
Wine*	20,000,304	34,159,339	70.8	30,865,267	9.6
Spirits*	21,599,676	30,265,470	40.1	30,251,655	0.04

*wine gals
Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

CLOSURES FOR BEVERAGES

(thousands of gross)

	June 1984	July 1984	% Change	July 1983	July '83 vs. July '84 % Change
Metal (for spirits, wines)*	79,019	62,954	(20.3)	59,094	6.5
Plastic (for spirits, wines)*	128,944	92,331	(28.4)	88,241	4.6
Metal Crowns (beer & soft drinks)	15,249	13,518	(11.4)	14,525	(6.9)
Soft drink (convenience and conventional)	6,151	5,722	(7.0)	6,071	(5.7)
Beer (convenience and conventional)	9,098	7,796	(14.3)	8,454	(7.8)
All other metal closures other than crowns	9,526	9,242	(3.0)	8,290	11.5

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Compiled by Market Data Communications (MDC) for Beverage Industry

Aseptic report

National brands dominate, but regionals also thrive

Special Report — No longer the new kid on the block, aseptics, however, are a long way from reaching maturity. Based on extensive industry interviews, here are some observations:

- Long after filling the pipe lines, national brands — which dominate sales — are growing at around a 10% clip.
- Regional brands, particularly those with a hybrid warehouse/route distribution system, can sustain a market presence.
- Having fulfilled food store rollout objectives, national brand marketers are beginning to turn their sights on the "all other segment" and are developing programs to attract bottlers.
- In spite of the seeming glut of aseptic beverages in some markets, additional new products will be introduced in 1985, some destined for soft drink operations.

Thanks to aseptics, juice and juice drink sales are climbing. The year end figures from the Florida Citrus department show total juices up 2% in gallonage for 1984. Ready-to-serve in bottles, cans and cartons (the area which includes aseptics) is up 15%.

In juice drinks which were down 1%, the glamor category is frozen concentrates, up 30%. The RTS segment reported in with a 12% gain.

Market share information for these beverages is extremely difficult to obtain. **Beverage Industry** estimates that Coke Food's Hi-C commands 20% of the market and is in first place. Reynolds' Hawaiian Punch is in second with approximately 14% of the market. Shasta's Capri Sun is in third position with a market share estimated to be between 7%-10%.

Overall, national brands sold slightly more than 40% of the sales volume, but that still leaves almost 60% open for regional marketers, a growing number of which are bottlers.

Some of these firms are beating the national brands at their own game, utilizing a warehouse distribution system. Others have succeeded with their store-door delivery system. And, as always, there are those that have not succeeded.

Beverage Industry's John C. Maxwell Jr., director of research/statistics observes: "Some shakeout is beginning to occur in the industry as the more heavily advertised, national brands gain market share at the expense of smaller, regional brands."

Maxwell also feels aseptics pose a potential threat to the growth of the soft drink industry. Yet, at least for now, both soft drink and juice sales are growing. After being relatively flat for the last decade, per capita consumption of juices has begun to grow, and Maxwell attributes this recent growth to aseptic packaging.

Per capita consumption was 6.8 gal. in 1982, jumped to 7.7 in 1983 and 8.1 last year.

He further notes that improvements in the packaging, such as better laminated or plastic coating may give these oxygen-sensitive products a true shelf-life of six months in

Per capita U.S. Consumption of Juices (Gal.)

1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
6.8	6.8	6.8	6.5	6.7	6.9	6.7	6.8	7.7	8.1

Source: John C. Maxwell Jr. Laidlaw Ansbacher

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1985, improving the marketability of the package.

So it's no surprise that bottlers and other beverage marketers have taken a long, hard look at the aseptic segment.

It's growing: Retail sales of single service juices and drinks have leaped from 4 million cases in 1982 to 20 million cases in 1983, reported Tetra Pak president Lars R. Bergwall in a speech presented at InterBev.

He added that sales in 1984 were expected to double the case volume of 1983 and unit sales for all aseptic products would exceed one billion units for the first time.

(See "New uses, sizes to spur aseptic growth," an interview with Bergwall, page 34)

Those that have opted to enter have had varied results. Here is a rundown on some of the many marketers/brands in the aseptic arena today:

Sun Rise, a cooperative of Coca-Cola bottlers based in Marshall, MN, has also enjoyed success with its line of 15% juice drinks, according to president John Sherman. The product is available in four flavors—fruit punch, grape, orange and apple—and contract packed in Combibloc's 300-ml brick by Power Packaging.

Sherman believes Sunrise's strongest sales are coming from convenience stores, followed by vending and food stores last. He reports both take-home and cold drink sales are doing well in convenience stores. Despite the weaker sales in food stores, Sherman says Sunrise is holding up well against the national brands in food stores. "No one's there to merchandise the national brands. Even with their big budgets they can't compete with our distribution," he said.

In addition, thanks to bottlers, Sherman feels the aseptic segment is expanding. "Previously, aseptics were only available in food stores, but the bottler has put them in other outlets. Mother had to bring them home; now the preteen or the teenager can buy it."

Sherman is happy with going with a 15% juice drink because he says it tastes better than the 10% drinks on the market, and Sunrise is now studying whether a 100% juice product is worthwhile.

Mid-South Bottling's Rainbow Farm has built its entire line around 100% juice, which is now distributed in nine southeastern states. The bottling giant has built a lot of its distribution around food brokers. By volume, sales are split about 60% through brokers and 40% through bottlers.

"This industry (soft drink) is used to phenomenal numbers," said T. Michael Barclay, executive vp. "Almost anything pales in comparison to it, but that doesn't mean it's not a good business to be in." He added: "The chocolate-covered raisin industry would love to have our numbers."

Most bottlers that have compared soft drink to aseptic numbers have been disappointed."You won't find many bottlers willing to spend 20% of their capital for 4% of their business. Going out and spending $1,100 on an aseptic vending machine is something many bottlers won't do either," said Barclay.

Because of this, Barclay has found food brokers an economical way of getting his product into the market when reception from bottlers in the territory was less than warm.

Barclay says sales of Rain

(Continued on page 32)

Costs of three juice-packaging systems ($ per thousand gallons packed)

Operation	Aseptic 1-Liter Flex. Carton	Glass Quart	Glass 1/2 Gal.	Steel (46 oz.)	Aseptic Cost Is
Processing	$ 16.81	$ 8.89	$ 5.51	$ 3.83	Highest
Filling:					
In-Plant Costs	31.90	38.88	23.94	19.06	2nd Highest
Package Costs	371.00	812.00	730.00	974.00	Lowest
Total Filling Costs	402.90	850.88	753.94	993.06	Lowest
Casing	93.02	192.34	180.77	121.36	Lowest
Case Handling	8.14	25.84	12.92	5.36	2nd Lowest
Plant Storage	7.15	9.04	9.93	4.87	2nd Lowest
Transport to Whse.	120.88	162.50	160.38	126.13	Lowest
Warehouse Storage	4.19	4.44	4.76	4.15	2nd Lowest
Transport to Retail	12.09	16.25	16.04	12.61	Lowest
Retail Storage	1.75	1.82	1.95	1.74	2nd Lowest
Retail Display	1.33	79.36	59.41	55.57	Lowest
Total	$668.26	$1,360.36	$1,205.61	$1,328.68	Lowest

Source: The Dupont Study

Copyright: Beverage Industry March 1985

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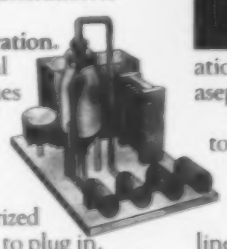

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ALFA-LAVAL

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National brands dominating, but regionals are thriving

(Continued from page 29)

bow Farm are strongest in food stores now, but he's not convinced it will always be that way. "We need to get into that 'all-others market' to improve our exposure," he said.

Barclay is happy MSB opted for the 100% juice instead of a juice drink. "It seems to have given us some leverage against the big guys," he explained.

American Juice Co., the Gary, IN-based manufacturer of Juicyful, has expanded distribution of that product and it's now available in Chicago, Milwaukee, Indianapolis and parts of Michigan. Distribution is through food brokers.

"Most of our sales have come in three-packs," said Paul Bartak, vp and general manager. "We get very few single service sales; the retailers like three packs better because they're easier to handle and offer the largest volume."

Strong competition has forced American Juice to make its retail prices "more competitive," he said.

American Juice uses Tetra-Pak's 250-ml package on its own equipment. In fact, because of the success of aseptics some private label brands have sprung on the market and American Juice has done some contract packing.

One large retailer that has opted to bring its own private label brand to its shelves is the Cincinnati, OH-based Kroger Co., which contract packs 100% juice and 10% fruit drinks through Fruit Box, Atlanta.

"It's a kick-off on Hi-C," said John Morrison, director of marketing. "We got into it because we wanted to be involved in the future of aseptics," he said. The brand is only sold at Kroger outlets.

Sunglo Cooperative Inc. has been successful in marketing its Sunglo line of 10% fruit drinks and 100% juices. The Holland, MI-based group is comprised of five bottlers, including Admiral Beverage Corp., Nor-Cal Beverage Co. Inc., Refreshments Limited, Squirt and Co. and Sun Drop Bottling Co.

Distribution now covers 125 million people in several midwestern and far western states and is expected to be national by the end of 1985.

The cooperative recently hired an ad agency to develop a media plan to include television, radio and print advertising.

Pepsi-Cola General Bottlers, the Chicago-based headquarter company with 28 subsidiaries, has expanded distribution of its Orchard Sun line of 10% fruit drinks. In

(Continued below)

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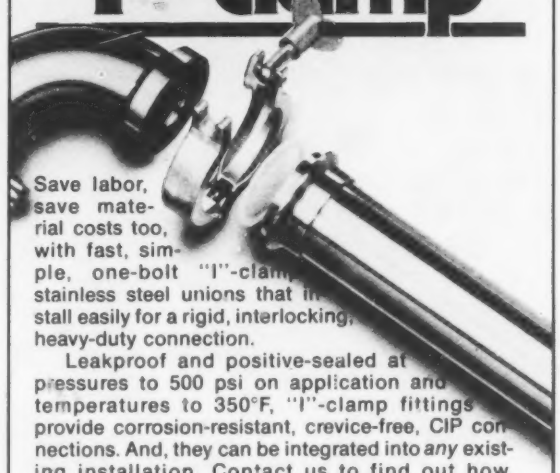

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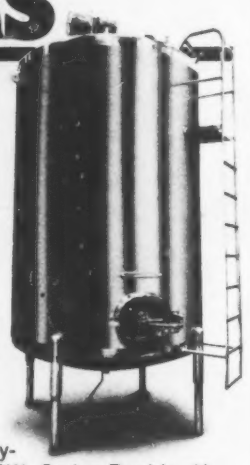

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August, it debuted in Chicago, Cincinnati, Louisville and Munster, IN. Then in October, Orchard Sun moved into Des Moines, IA; Kansas City; Beloit and Kenosha, WI; Hopkinsville, KY; Evansville, IN; Peoria and Danville, IL.

"We're at the point now that we have to decide what we want to do next," said Jerry McGuire, group vice president, regarding expansion of the line into other markets. He admitted franchising was a possibility.

"First, we have to get it where we want it in the food stores," he said.

Orchard Sun, which is available in four flavors—fruit punch, orange, grape and apple, is contract-packed by Power Packaging.

"It's no secret we avoided a large capital investment by going to a contract packer," said McGuire. "We're happy with the arrangement."

The product is packaged in 355-ml (12-oz.) packages and sold in three-packs in food stores; individual bricks are sold only through vending.

Pepsi General is one of the few aseptic marketers to shun the familiar 250-ml single-service size and opt for Combibloc's larger 12-oz. size. Not every brand has fared so well, though. Refreshment Enterprises, a wholly-owned subsidiary of Louisiana Coke in New Orleans has stopped production on its 35% fruit drink Squeeze.

The product had been franchised to as many as 13 other bottlers, mostly in the Southeast, but will now be contract-packed should these bottlers wish to continue production.

What went wrong? "We didn't anticipate this many people getting into the market," said Ben Blake, general manager, Refreshment Enterprises. When the bottler decided to launch Squeeze, roughly 19 brands/flavors were in the New Orleans market, but when the product finally hit retail shelves there were 65-70, Blake related.

"The market grew, but not at the rate to support that many brands," he said. "There probably is a place in the juice market for bottlers, but I'm not sure you can make it solely on aseptics," he added.

No doubt aseptics have left their imprint on the beverage industry, but all is not roses. Ponder these recent observations made by Kent Phillips of Data Bank Inc., a research firm:

- Aseptic case sales are roughly 1.5% of the volume for route delivered soft drinks;
- More than 10 major brands compete for sales in this category dominated by warehouse delivery with Hi-C controlling the lion's share of the volume;
- New entries are increasing the pressure in this category, making the marketing of new entries all the more difficult;
- A route delivered entry must compete with warehouse products carrying a lower wholesale price tag.

Despite these sobering observations, the aseptic category seems to appeal to many bottlers because it is a way to gain incremental sales without cannibalizing the sales of existing soft drink brands.

Tetra Pak, Combibloc, Continental Can and International Paper are the major aseptic equipment machinery suppliers with the first two having by far the most installations.

Most recently, Tetra Pak introduced a pull tab, slated to be on the market this year. The company is hopeful the innovation will make the aseptic package more appealing to the adult market, which has been somewhat evasive for aseptic marketers.

Also introduced was the AB9-250-ml aseptic packaging machine, Tetra Pak's most automated with a production capacity of 6,000 cartons an hour.

Combibloc is introducing a new machine, 506-A, which is a computerized model that the company boasts is energy-saving, requires less service and offers quicker installation. A company spokesman reports the machine is capable of speeds up to 6,300 cartons per hour and can package 500-ml, 750-ml and 1-L.

Continental Can Company has begun offering telescoping straws in plastic envelopes attached to its Conoffast aseptic plastic containers. The machine will apply the envelopes to the containers at normal line speeds using a hot melt adhesive. At full length, the straws are about 5-in. long. □

Consumption by Class and Type
(Million Mixed Cases)

	1983	Change	1984E	Change
Whiskey				
Bond	0.65	(11.0)%	0.55	(15.4)%
Straight	19.84	(5.6)	19.00	(4.2)
Total	20.49	(5.8)	19.55	(4.6)
Blended	12.32	(6.7)	11.60	(5.8)
100% Light	0.27	42.1	0.18	(33.3)
Total Domestic Whiskey	33.08	(5.9)	31.33	(5.3)
U.S.-Bottled Canadian	13.30	1.5	13.40	0.8
Foreign-Bottled Canadian	7.42	(2.8)	7.40	(0.3)
Total Canadian	20.72	—	20.80	0.4
U.S.-Bottled Scotch	7.42	(6.1)	7.15	(3.6)
Foreign-Bottled Scotch	11.26	2.8	10.65	(5.4)
Total Scotch	18.68	(0.9)	17.80	(4.7)
Irish	0.29	—	0.33	13.8
Total Imported Whiskey	39.69	(0.5)	38.93	(1.9)
Total All Whiskey	72.77	(3.0)	70.26	(3.4)
Domestic Vodka	29.74	(1.1)	29.45	(1.0)
Imported Vodka	0.83	20.3	1.05	26.5
Total Vodka	30.57	(0.6)	30.50	(0.2)
Domestic Gin	12.06	(4.9)	11.58	(4.0)
Imported Gin	2.32	4.5	2.39	3.0
Total Gin	14.38	(3.5)	13.97	(2.9)
Domestic Liqueurs/ Cordials	9.24	1.3	9.68	4.8
Imported Liqueurs/ Cordials	5.19	7.0	5.60	7.9
Total Liqueurs/ Cordials	14.43	3.3	15.28	5.9
Domestic Rum	11.72	1.6	11.50	(1.9)
Imported Rum	0.66	20.0	0.70	6.1
Total Rum	12.38	2.4	12.20	(1.5)
Domestic Brandy	4.13	(2.1)	4.15	0.5
Imported Brandy	2.53	6.3	2.75	8.7
Total Brandy	6.66	0.9	6.90	3.6
Domestic Tequila	2.96	5.3	3.20	7.4
Domestic Prepared Cocktails	2.95	(2.3)	2.85	(3.4)
Total Nonwhiskey	84.35	0.2	84.90	0.7
Grand Total Distilled Spririts	157.12	(1.3)%	155.16	(1.2)%

Source: John C. Maxwell Jr.
Laidlaw Ansbacher Inc.

Copyright: **Beverage Industry** March 1985

Top selling brands

Rank 1984	Rank 1983	Brand	Company	9-Liter Cases (000) 1984	1983	Change
1	1	Bacardi	Bacardi	8,469	8,327	1.7%
2	2	Smirnoff	Heublein (RJR)	7,134	7,202	(0.9)
3	3	7 Crown	Seagram	5,350	5,500	(2.7)
4	5	Canadian Mist	Brown-Forman	4,220	3,912	7.9
5	4	Jim Beam	James Beam (AB)	4,038	3,940	2.5
6	8	Windsor Supreme	National	3,796	3,515	8.0
7	6	Jack Daniel's	Brown-Forman	3,755	3,754	—
8	7	V.O.	Seagram	3,600	3,550	1.4
9	11	Popov	Heublein (RJR)	3,573	3,164	12.9
10	10	Seagram's Gin	Seagram	3,250	3,200	1.6
11	9	Canadian Club	Walker (HWR)	3,235	3,371	(4.0)
12	13	Gordon's Gin	Gordon/Renfield	2,585	2,585	—
13	12	Gilbey's Gin	National	2,473	2,598	(4.8)
14	15	J&B Rare	Paddington (GM)	2,350	2,271	3.5
15	16	Dewar's	Schenley (RA)	2,300	2,230	3.1
16	14	Kamchatka	National	2,282	2,350	(2.9)
17	17	Gordon's Vodka	Gordon/Renfield	2,125	2,100	1.2
18	18	Black Velvet	Heublein (RJR)	2,027	2,000	1.4
19	20	Early Times	Brown-Forman	1,880	1,869	0.6
20	21	Beefeater	Kobrand	1,875	1,856	1.0
21	19	Gilbey's Vodka	National	1,853	1,889	(1.9)
22	23	Christian Brothers	Fromm & Sichel	1,830	1,620	13.0
23	22	Kahlua	Walker (HWR)	1,700	1,630	4.3
24	24	Ancient Age	Ancient Age	1,690	1,607	5.2
25	26	Johnnie Walker Red	Somerset (D)	1,490	1,490	—
26	25	Cutty Sark	Buckingham (WB)	1,458	1,562	(6.7)
27	31	Crown Royal	Seagram	1,350	1,225	10.2
28	28	Kessler	Calvert (S)	1,310	1,380	(5.1)
29	27	Ten High	Walker (HWR)	1,300	1,479	(12.1)
30	33	Southern Comfort	Brown-Forman	1,218	1,198	1.7
31	32	Old Grand-Dad	National	1,215	1,213	0.2
32	29	Old Crow	National	1,202	1,340	(10.3)
33	30	Calvert Extra	Calvert (S)	1,200	1,260	(4.8)
33	34	Tanqueray	Somerset (D)	1,200	1,188	1.0
33	35	Lord Calvert	Seagram	1,200	1,150	4.3
36	36	Wolfschmidt	Seagram	1,100	1,140	(3.5)
37	37	Jose Cuervo	Heublein (RJR)	1,040	1,005	3.5
38	*	Baileys Irish Cream Liqueur	Paddington (GM)	1,000	950	5.3%

Key to parent corporations:
(AB) American Brands
(D) Distillers, Co.
(G) Glenmore
(GM) Grand Metropolitan
(HWR) Hiram Walker Resources
(RA) Rapid-American
(RJR) R.J. Reynolds
(S) Seagram
(WB) Whitbread

* Unranked in 1983.

Source: John C. Maxwell
Laidlaw Ansbacher Inc.

Copyright: **Beverage Industry** March 1985

Future looks bleak

Liquor sales drop again; off 1.2% in '84

NEW YORK—The liquor industry declined 1% in 1984. Brown liquor sales continued to decrease as specialty products and the white liquors picked up the slack, according to John C. Maxwell Jr., **BI's** director of research/statistics.

The only spirits showing increases were liqueurs and cordials up 5.9%, tequila up 7.4%, Irish whiskey up 13.8% and brandies up 3.6%. Canadian rose a slight .4%.

On the down side, bourbons dropped 4.6% and scotch 4.7%.

Within the vodka and gin categories, imports were up which carried the categories, accounting for the year-to-year increases in total gin and vodka. Maxwell believes that the increasing consumption of imported brands may be status related.

The top five selling brands remains virtually unchanged with the exception of the fourth and fifth positions. Candian Mist, fifth in 1983, moved into fourth position ahead of Jim Beam, which dropped to fifth.

Bacardi maintained its number one position with a slight sales increase of 1.7%. Smirnoff and Seagram's 7 Crown retained their respective number two and three spots, despite case sales declines for both. Smirnoff fell 0.9%, while 7 Crown was down 3.6%.

Moving up two spots to take the number six position was Windsor Supreme, replacing Jack Daniels which dropped to seventh. Rounding out the Top 10 are Seagram's V.O., up 1.4%; Heublein's Popov, up 12.9% and Seagram's Gin, up 1.6%.

Several brands showed double digit sales increases, however the largest growth came from Christian Brother's brandy, up 13%.

Other double digit increases were achieved by Popov vodka, up 12.9%, and Crown Royal, up 10.2%.

Maxwell feels the big worry in the industry this year is the $2 per gallon increase in the excise tax, which goes into effect Oct. 1 and raises the tax to $12.50.

This may cause as much as a 3-7% decline, although an anticipated stockpiling by the consumers prior to this date should help to keep the decline between 3-5% for 1985, Maxwell estimates.

Unless a compensating excise tax increase on wine and beer is placed, the industry may have problems into 1986, add to that the possibility of another excise tax on liquor implemented during that year.

Maxwell says if the industry can lower its proof gallonage down to 50 proof, it will be able to lower consumer costs since excise taxes are based on proof gallonage.

As it now stands, on a percentage basis the new tax will affect the cheaper brands more than the more expensive ones, leaving the higher cost products a higher margin and therefore less affected.

There are those, according to Maxwell, who want to dispose of the usage of the proof designations altogether and replace it with percentage of alcohol. This would allow for better comparisons with wine which measures absolute alcohol content versus proof.

In a separate study, Beverage Trend Analysts (BTA) concluded that the industry remained flat last year with domestic dollar sales at $3.1 billion and per capita consumption dropping slightly to 2.49 gallons.

Like Maxwell, the BTA report found several areas of growth in distilled spirits—tequila, rum, brandy, cordials and liqueurs.

BTA also saw growth in import penetration. In 1983, imports accounted for 23% of apparent consumption, and on the basis of a projected 5.7% annual increase, BTA predicts imported brands will amount to 36.8% of consumption by 1993.

BTA foresees domestic producers targeting the aging "baby boomers"; the most vital part, according to BTA of the liquor industry's consumer base. "Distillers are developing products that incorporate lightness, healthiness, and chicness and are backing them with sophisticated advertising campaigns," BTA reports.

For more information on BTA's report, *The Liquor Industry in the U.S.: A Product-By-Product Marketing Analysis & Competitor Profile*, write to: Business Trend Analysts, 2171 Jericho Turnpike, Commack, NY 11725. □

DIET SOFT DRINK CONSUMPTION

1980 Mil. Cases	1980 Market	1980 Pct. Change	1981 Mil. Cases	1981 Market	1981 Pct. Change	1982 Mil. Cases	1982 Market	1982 Pct. Change	1983 Mil. Cases	1983 Market	1983 Pct. Change	Company	1984 Mil. Cases	1984 Market	1984 Pct. Change
214.0	28.5%	9.7%	240.0	28.8%	12.1%	273.2	30.2%	13.8%	459.0	40.9%	68.0%	Coca-Cola*	574.0	43.5%	25.1%
178.0	23.7	25.4	202.0	24.3	13.5	210.0	23.2	4.0	246.5	22.0	17.4	PepsiCo #	283.0	21.4	14.8
64.0	8.5	0.6	70.0	8.4	9.4	79.0	8.7	12.9	89.5	8.0	13.3	Seven-Up	100.2	7.6	12.0
69.1	9.2	9.9	79.5	11.7	15.1	81.5	10.8	2.5	66.4	7.2	(18.5)	Dr Pepper†	78.7	6.0	18.5
40.5	5.4	6.6	37.0	4.4	—	35.0	3.9	(5.4)	29.1	2.6	(16.9)	Royal Crown Cola	37.4	2.8	28.5
23.0	3.1	2.7	30.0	3.6	30.4	29.4	3.2	(2.0)	35.5	3.2	20.7	R.J. Reynolds	31.0	2.3	(12.7)
18.0	2.4	9.1	19.9	2.4	10.6	21.9	2.4	10.1	21.9	2.0	—	Sugar Free A & W	20.2	1.5	(7.8)
6.7	0.9	3.1	6.8	0.8	4.5	6.9	0.8	1.5	7.1	0.6	2.9	Dad's	6.5	0.5	(8.5)
613.3	81.8	12.1	685.2	82.4	11.7	746.9	82.5	9.0	955.0	85.0	27.9	Subtotal	1,131.0	85.7	18.4
136.7	18.2	7.6	146.8	17.6	7.4	158.7	17.5	8.1	168.0	15.0	5.9	All Others	189.0	14.3	12.5
750.0	100.0%	11.3%	832.0	100.0%	10.9%	905.6	100.0%	8.8%	1,123.0	100.0%	24.0%	Total	1,320.0	100.0%	17.5%
12.8%			13.8%			14.6%			17.3%			% of Total Market		19.2%	

* Includes Tab, Caffeine Free Tab, Fresca, diet Coke, Caffeine Free diet Coke, and diet Sprite.
# Includes Diet Pepsi, Pepsi Light, and Sugar Free Pepsi Free.
† Includes No-Cal.

Source: Laidlaw Ansbacher Inc.

Copyright: John C. Maxwell Jr.
Beverage Industry
March 1985

CAFFEINE-FREE CONSUMPTION

(cola and pepper only)

1983 Mil. Cases	1983 Pct. Market	Company	1984 Mil. Cases	1984 Pct. Market	1984 Pct. Change
160.0	43.8%	PepsiCo	163.0	40.5%	1.9%
75.0	20.5	Coca-Cola	115.0	28.6	53.3
20.0	5.5	Dr Pepper	19 6	4.9	(2.0)
28.2	7.7	Seven-Up	25.0	6.2	(11.3)
72.5	19.8	Royal Crown Cola	59.7	14.8	(17.7)
355.7	97.3	Subtotal	382.3	95.0	7.5
10.0	2.7	All Others	20.0	5.0	100.0
365.7	100.0%	Total	402.3	100.0%	10.0%
5.6%		% of Total Market		5.9%	

Source: Laidlaw Ansbacher Inc.

Copyright: John C. Maxwell Jr.
Beverage Industry
March 1985

Colas, flavors push gain

(Continued from page 23)

He points out there is not enough caffeine in soft drinks to cause any measureable adverse effect in the body, while in coffee, the caffeine content is often a major reason for either drinking the product or making the decision to stay away from it.

"Caffeine-frees don't serve any real function, and the public is now figuring that out," he says.

Caffeine-free Coke accounted for virtually all of the change there, up by 40 million cases or 53%. It now controls 28.6% of that market.

Pepsi Free colas still dominate the category, though, with a 40.5% controlling interest. Pepsi drinks were up 3 million cases for a 1.9% increase.

Other franchises offering caffeine-free drinks suffered net losses for the year, from a 2.0% deficit for Dr Pepper to a 17.7% nosedive for Royal Crown's caffeine-free brand.

Top ten

Coca-Cola continues to dominate the industry, ranking number one with a 21.8% market share. Coke marked a 3.1% change over 1983.

Pepsi has maintained the number two spot, with 17.0% market share, posting a sizable 6.8% increase in sales.

Diet Coke, however, hoisted itself into a tie for the number three spot, alongside 7UP.

While diet Coke is listed at a 350 million case movement and 7UP at 355.5 million, Maxwell has termed third place a tie.

"Because of only a slight difference of less than 6 million cases, it's too close to make a definitive statement," Maxwell notes.

"We're pleased to see John Maxwell has joined other experts who have declared diet Coke as number three, as we said it was early last year," a Coca-Cola spokesman says.

Dr Pepper held fifth place in 1984, with a 10% sales increase in the brand. Sprite maintained the sixth position with 230 million cases sold.

Diet Pepsi, with its 26.9% increase, moved up the ladder to the seventh potition, while Mountain Dew moved down to eighth.

Royal Crown Cola moved up a notch to fill the number nine position, and Tab filled out the field at tenth.

While flavors are making headway in the overall market, none have shown in the top ten. An examination of the 11-20 spots pinpoints some high positioning of top flavor brands.

Sunkist ranked 11th with 100 million cases moved, followed closely by Diet 7Up at 95.2 million case sales.

Pepsi Free was 13th at 93 million cases; Canada Dry Ginger Ale 14th at 81 million cases, and Fanta 15th with 71 million cases sold.

Dr Pepper held the 16th and 17th spots, with Sugar Free Pepper Free moving 70 million cases and Sugar Free Dr Pepper selling 68.4 million.

Caffeine-Free diet Coke followed at 65 million cases, A&W came in at 49.6 million cases, and Canada Dry Club Soda rounded out the field at 42 million cases moved.

Three caffeine-frees made the second ten last year, Coke, Pepsi and Dr Pepper brands, whereas none were present in the top 20 drinks of 1983.

Compared with 1983, Sunkist was up 2%, Canada Dry Ginger Ale was up about 7%, and A&W up 11%. These, like other brands, are indications of increased consumer demand for flavors. □

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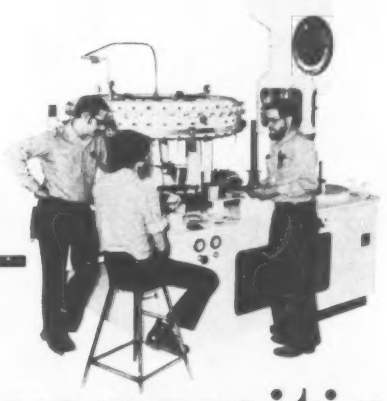

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Beverage Industry
AN HBJ PUBLICATION
APRIL 1985

...igs for Pepsi in a new TV spot, at left, while Coke opts for a wide cross-section of American musical tastes in its new "Coke is it" spots.

Cans, PET lead packaging gains

SPECIAL REPORT—Cans led the way in packaging gains in 1984, up 9.6% in soft drinks and 3.8% in beer, according to just-released figures from Prescott, Ball and Turben market analyst Arthur M. Stupay.

Total packaged volume closely paralleled the fortunes of the soft drink and beer industries; packaged soft drinks increased 4.5% and packaged beer dropped 1.2%, based on Stupay's figures which reflect packaging in units of 12-oz. container equivalents.

Along with cans, PET showed strong gains, up 7.7% in soft drinks, but it's apparent the gains of both PET and cans came at the expense of glass. In soft drinks, one-way glass was up .8% while returnables were down 4.8%. Losses were even more dramatic in beer with one-ways down 13.7% and returnables off 5.6%.

In soft drinks, while the packaged segment grew, it did not outpace the industry. Stupay reports packaged sales dropped from 76.4% of total soft drinks sold in 1983 to 76% last year. He predicts it will further drop to 75.6% in '85.

(Continued on page 30)

SECONDARY PACKAGING
PAGE 4

Coke opens new front; Pepsi goes super-celeb

Media hype fans Ferraro, Ritchie debut

by Paul E. Mullins
Editor

NEWS ANALYSIS—If Pepsi has proven anything in the last two years, it is that the firm can produce ad campaigns which make the news: the evening news, the morning news, the talk show news, the late night news, the newspapers and the weekly news publications.

Within hours after the Lionel Ritchie spots were previewed by bottlers in Los Angeles, the electronic and print media reported on the new campaign. Even after the main brand commercials aired in a three-minute spot which company executives called a "Megablock" on the Grammy telecast, the media coverage continued.

MTV treated the new spots as a major music news event and aired them in a special telecast the next evening.

Just as newsworthy were the new Diet Pepsi spots. The debut of former vp-candidate Geraldine Ferraro created a controversial barrage that topped even the earlier Lionel Ritchie events.

The controversy was over whether or not Ferraro had sold out to act as spokesperson

(Continued on page 38)

7UP REVIVES UNCOLA
PAGE 4

Cherry Coke: new segment or 'Dr' clone

by Gary A. Hemphill
Managing Editor

NEWS ANALYSIS—Coke stole a little of Pepsi's thunder and opened up what it described as a new sugared beverage category with the introduction of cherry Coke just days before Pepsi bottlers met in Los Angeles.

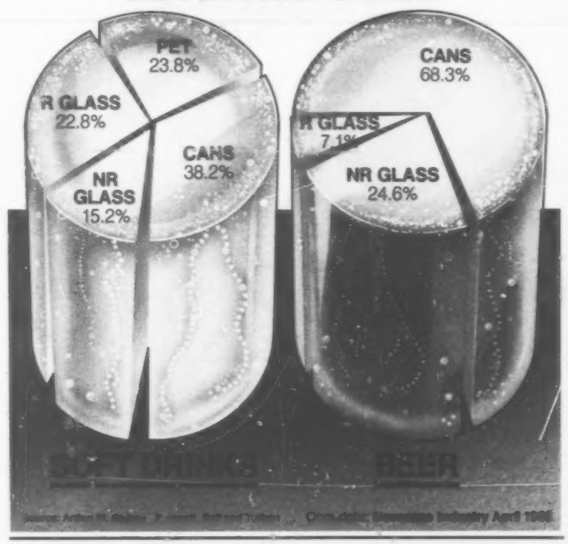
In spite of protests to the contrary, most consumer media compared the taste of the product to Dr Pepper and speculated on the probable positioning.

The new entry opens up a slew of questions:

- Will Coke/Dr Pepper bottlers want to also bottle cherry Coke?
- Will Dr Pepper attempt to prevent Coke/Dr Pepper bottlers from also bottling cherry Coke?
- Is cherry Coke an emerging new soft drink segment, as

(Continued on page 39)

1984 PACKAGED BEVERAGE SALES



BI Today

'Grabber' adds strength

Mead Packaging has introduced the Grabber handle for 24-can packs. The handle strengthens the package, allowing for a reduction in fiberboard pt. size and a cost savings. See page 22.

Congress expected to okay saccharin for another year

by Marty Westerman
Contributing editor

WASHINGTON, DC—Congress will renew the saccharin moratorium for at least another year, Capitol Hill sources tell BI. The current extension expires April 22, and the debate over the low-calorie sweetener is once again in the limelight.

Industry saccharin producers and users want another three years, but Senate Labor and Human Resources Committee member Howard Metzenbaum (D-OH) wants to hold hearings first.

While identically-worded moratorium-extension bills were introduced in February in the House by Tom Foley (D-WA) and in the Senate by Orrin Hatch (R-UT) and Edward Kennedy (D-MA), Sen. Metzenbaum continued to call for hearings. To assure market stability, however, he agreed

(Continued on page 28)

BI Report

■ CANADA DRY, SUNKIST, both owned by R. J. Reynolds, will consolidate their operations in Atlanta at the current address of Sunkist, 2600 Century Pkwy., Atlanta, GA 30345. Fran Mullen, formerly president of Canada Dry will be president of the newly-formed Del Monte Franchise Bev-

(Continued on page 76)

Beverage Industry
AN HBJ PUBLICATION

New Uncola launch 7UP's 'biggest ever'

by Paul E. Mullins
Editor

NEWS ANALYSIS—It could have been the late '60s all over again as Seven-Up rolled out its new Uncola ad campaign at a series of regional bottler meetings around the country recently. The primary difference was new faces in charge and new faces in the audience.

Geoffrey Holder revives the Uncola campaign.

The other difference was that this time the audience was not as dumbfounded as when Orville Roesch, then vp-marketing, did the unveiling back in 1968. There were no shuffling feet or under-the-breath expressions of doubt about the concept.

There was genuine pleasure in the return to the Uncola and for the implementation.

Make no mistake about it though, this is not a "pick me up, polish me off" return to the Uncola.

Gone are the Peter Max graphics and the butterfly posters of yesterday. Retained are spokesman Geoffrey Holder and the Uncola glass.

The "sell" also is not as subtle as some of the early Uncola gimmicks. Holder is a salesman and he sells. His pitch includes the "no caffeine, no artificial flavors, no artificial colors and he adds a "no artificial preservatives" message in some commercials. He is featured in seven of the nine new TV spots and concludes each with "The Un's the One" and tops it off with a drawn out "Ahhhhhhhhh!."

Largest ever

The nine new television commercials and six new radio spots which the firm revealed to bottlers in late February at a series of regional meetings are the most Seven-Up has launched at one time. They were scheduled to be aired during a five-week period beginning in early March.

Although company officials declined to give a figure,

(Continued on page 26)

Secondary/tertiary packaging

Paper, plastic battle it out

SPECIAL REPORT—And the big winner in this year's struggle between plastic and paperboard is whoever is buying secondary and tertiary packaging. In other words, soft drink packers and brewers.

Although shrink film still has not made a measurable dent as a secondary packaging material for either bottles or cans, the threat was enough to spark a flurry of activity by the paperboard manufacturers.

The president of a potentially major supplier of film to the industry told BI recently that "if it weren't for us, the industry would not have these low-cost paperboard choices."

He's right. The bare facts are that an integrated paperboard packaging producer which owns mills as well as converting equipment has no interest in reducing the amount of paperboard tonnage the firm moves.

As a result, 28 pt. board is being replaced with 21 pt. board and 18 pt. looks like it will shortly also make inroads. Each reduction of one point can mean as much as a $1 reduction in price per thousand wraps.

For large producers such as a brewery or multi-plant purchasing group, these savings can mean big bucks. The reductions also mean that paperboard can compete on a price basis with shrink film.

Last year was still too early to see what kind of inroads plastic film will make into the secondary packaging for both beer and soft drinks. The big news was the continued expansion of can 12-packs in both industries.

Beverage Industry estimates that paperboard's share of packaged can soft drinks has risen to 13.8%, up almost three share points over 1983. Credit, say suppliers, goes to wide use of this package as a promotional tool in the marketplace.

Because the 12-pack is growing and its market share expanding, plastic-packaged goods lost market share slightly, dropping to 76.2% of the total canned soft drink gallonage.

Paperboard increased its share in PET due primarily to its use as a wrap for the 2-L size. Bottlers used two-packs of these containers to compete with 3-L intros by competition in a number of major markets.

The non-returnable bottle market is turning more and

(Continued on page 35)

PACKAGED SOFT DRINK GALLONAGE

	Loose	Paperboard	Plastic
Cans	10%	13.8%	76.2%
PET	96.3%	3.8%	—
NR glass	12%	87%	—
R glass	10%	45%	45%

PACKAGED BEER BARRELAGE

	Corrugated	Paperboard	Plastic
Cans	6.2%	39.8%	54%
NR glass	13%	87%	—
R glass	89%	11%	—

Copyright: Beverage Industry April 1985

In Congressional hearings. . .

Alcohol ad ban flounders; no link to abuse proven

by Marty Westerman
Contributing Editor

WASHINGTON, DC—From all indications, the alcoholic beverage industry won the first round in the open Congressional debate on banning beer and wine ads on television.

As a result, Congress may table the matter, which will put the federal government on record as saying there is no link between ads and alcohol abuse. It may also refer the matter to BATF for further study, or say this is a regulatory matter, which also leaves it to BATF and FTC.

The no-ban eventuality became clear at mid-February hearings before the Subcommittee on Alcohol and Drug Abuse, chaired by Sen. Paula Hawkins (R-FL). Pro-ban and anti-ban witnesses agreed there is no study which conclusively links ads to increased drinking, alcohol abuse, or a significant incidence of law violations.

Hearings and conver

(Continued on page 24)

2-L cooler tackles on-premise market

CANANDAIGUA, NY—Sun Country wine cooler, produced by Canandaigua Wine Co., is the first cooler available in 2-L PET bottles.

The new package was rolled out March 1 and the company plans to complete its market introduction by April 15.

The package concept resulted from a joint effort involving Canandaigua Wine Co. and Owens-Illinois to expand on the success of Sun Country Cooler. In seven months, this white wine and fruit juice cooler has stepped up to be the second leading brand in the country, according to *Newsweek Magazine*.

The new 2-L is a pre-labeled emerald green bottle, topped by a green pre-threaded Owens-Illinois Plas-Top plastic closure. According to an O-I spokesperson, the resin is supplied by Eastman Chemical, and the base cup by Gulf Chemical.

National distribution of the 2-L package is planned for retail food supermarkets, convenience stores, liquor and wine stores, hotels, restaurants and concession operations.

(Continued on page 25)

Sun Country Cooler, the first wine cooler in a 2-L PET bottle, is targeted at both the retail and on-premise markets.

Features

page 23

page 56

10 **SD vending sales up 20%-25%**
The vending future is in diversification with vending programs including aseptic venders, versatile multi-pack units and bulk water machines.

15 **Long-shot pays off**
Expected to fail when first started, Great Lakes Canning shines because of company dedication and President John Bitzer's belief in taking chances

23 **IEFP pre-show events**
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Soundoff

An invitation to the FTC

". . . Each of these bottlers with huge territories of distribution could provide the capability for large major chains with numerous outlets — all within the new large franchise territory — to transfer merchandise at will into areas that may be serviced by several adjacent 7UP bottlers. . . perhaps even facilitate warehouse deliveries without any violation of franchise transshipment limitations and probably at a lower delivery cost to the bottler.

"Combine this with exclusive regional CMA's and you have the potential for a monopolistic position. This restraint of trade is certainly not in keeping with the spirit and intent behind the passage of the Interbrand Competition Act.

"In the long term, this will invite law makers — and probably the FTC — to examine the industry and perhaps pass laws which will be more restrictive and more oppressive. We'll all be the losers."

Edward Frantel
president
Seven-Up Co.

In these excerpts from Frantel's speech at the firm's recent bottler meetings, he was talking about the formation of large Coca-Cola complexes on the East Coast.

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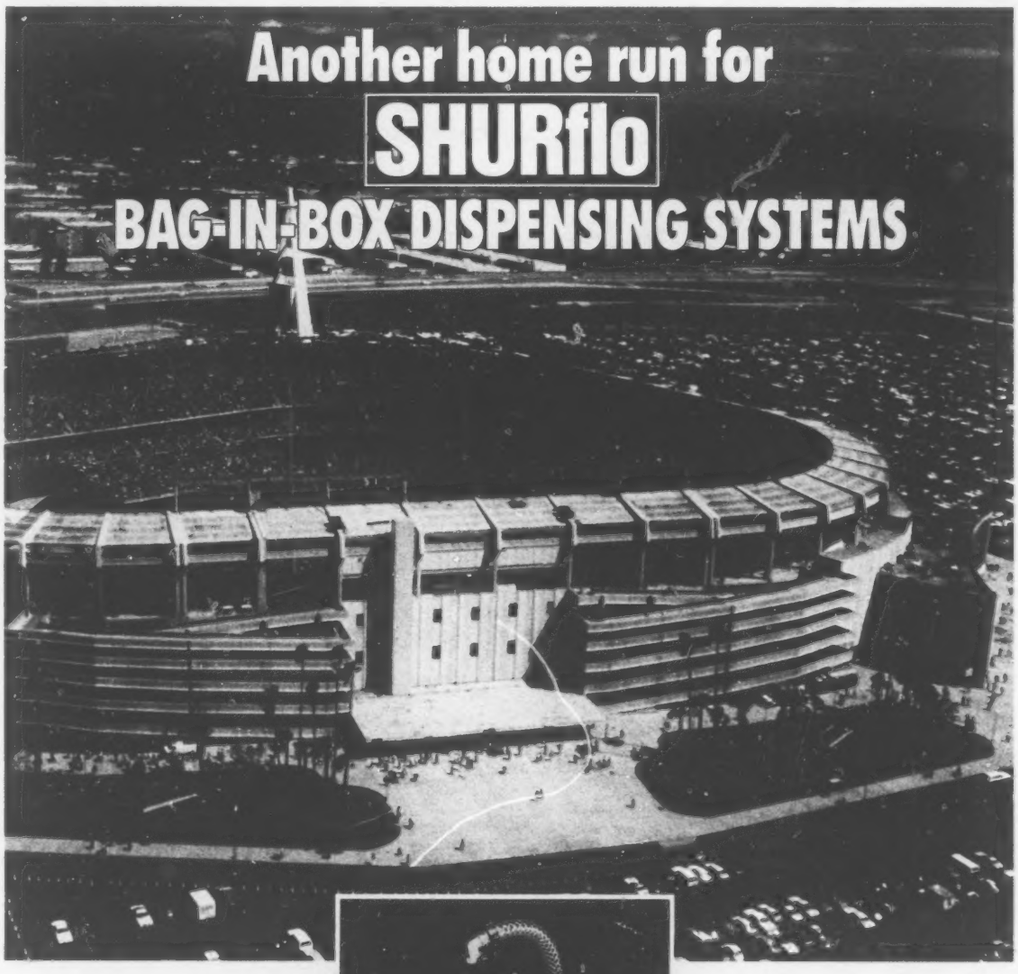

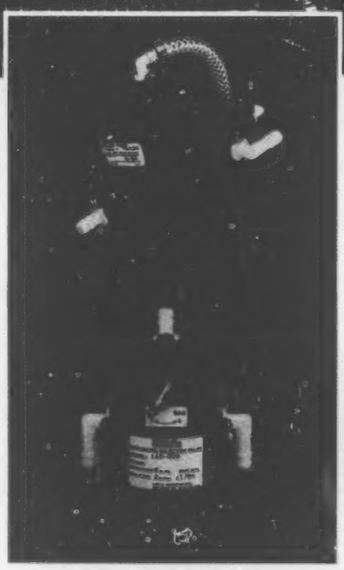

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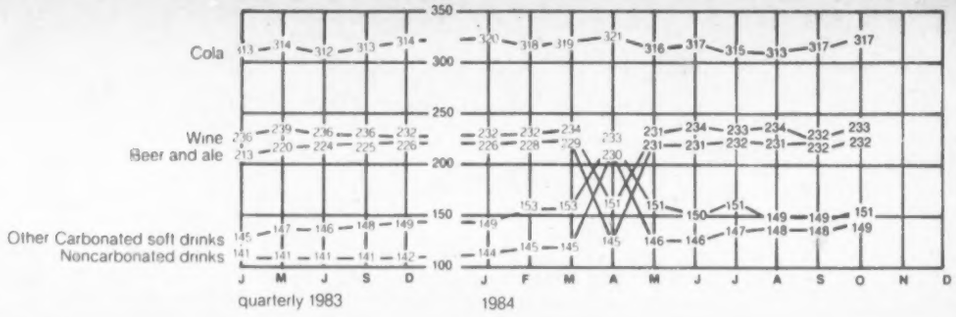
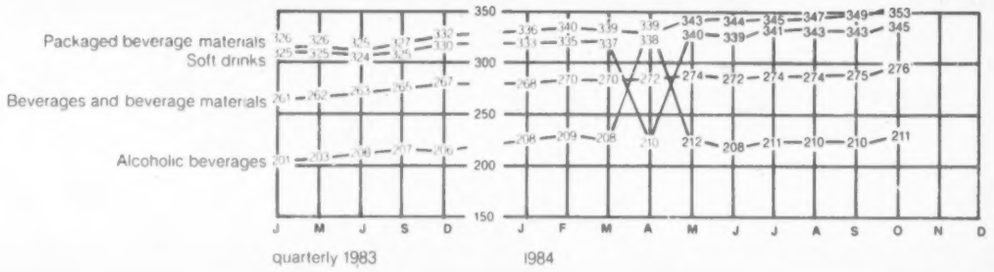
Beverage Business Indicators

1984 CONSUMER PRICE INDEX (1967 = 100)

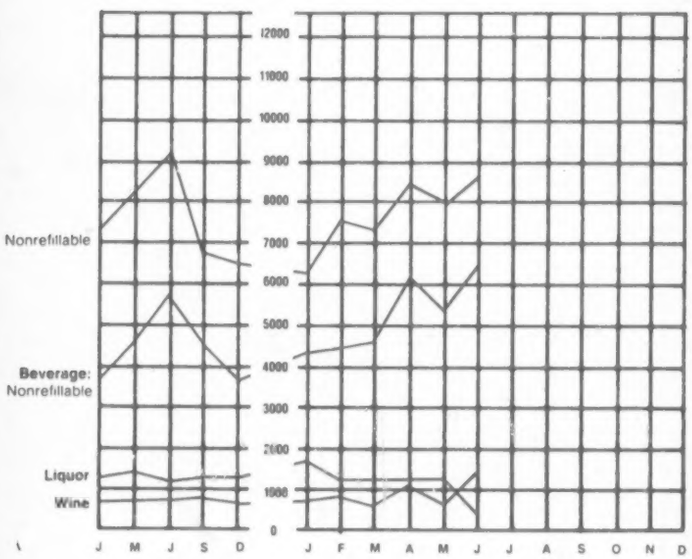


1984 PRODUCER PRICE INDEX (1967 = 100)



BOTTLE SHIPMENTS

(thousands of gross)



IMPORTED BEVERAGES

(proof gals)

	Sept. 1984	Oct. 1984	% Change	Oct. 1983	Oct. '83 vs. Oct. '84 % Change
Beer*	23,497,170	18,850,576	(19.8)	17,320,101	8.8
Whiskey	5,946,188	6,944,850	16.8	11,264,760	(38.3)
Brandy	528,355	657,735	24.5	612,445	7.4
Gin	546,481	605,329	10.8	698,019	(13.3)
Rum	177,976	140,788	(20.9)	135,705	3.7
Cordials & liqueurs	819,489	856,792	4.6	946,621	(9.5)
Others	959,505	975,613	1.7	1,350,984	(27.8)
Total	32,475,164	29,031,683	(10.6)	32,328,633	(10.2)
Sparkling wines	1,291,506	1,530,961	18.5	1,209,466	26.6
Still wines, table	10,464,515	9,350,570	(10.6)	10,179,594	(8.1)
Still wines, fortified	231,329	380,022	64.3	267,530	42.0
Vermouth	240,982	264,917	9.9	278,476	(4.9)

*Includes ale, stout, porter
Source: National Association of Beverage Importers

ALCOHOLIC BEVERAGE REMOVALS

(barrels of 31 gals)

	Aug. 1984	Sept. 1984	% Change	Sept. 1983	Sept. '83 vs. Sept. '84 % Change
Beer	17,609,867	13,842,430	(21.4)	15,049,484	(8.0)
Wine*	30,865,267	29,784,891	(3.5)	32,739,034	(9.0)
Spirits*	30,251,655	26,971,337	(10.8)	32,982,911	(18.2)

*wine gals
Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

CLOSURES FOR BEVERAGES

(thousands of gross)

	July 1984	Aug. 1984	% Change	Aug. 1983	Aug. '83 vs. Aug. '84 % Change
Metal (for spirits, wines)*	62,954	80,048	27.2	75,945	5.4
Plastic (for spirits, wines)*	92,331	112,183	21.5	135,002	(16.9)
Metal Crowns (beer & soft drinks)	13,518	14,712	8.8	15,135	(2.8)
Soft drink (convenience and conventional)	5,722	5,115	(10.6)	5,591	(8.5)
Beer (convenience and conventional)	7,796	9,597	23.1	9,544	0.6
All other metal closures other than crowns	9,242	8,392	(9.2)	9,023	(7.0)

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Compiled by Market Data Communications (MDC) for Beverage Industry

Cans, PET lead packaging gains in '84

(Continued from page 1)

In beer, the story was different. Packaged sales dropped at the same rate of total beer sold, both off 1.2%. Therefore, the percent of packaged sales versus total volume remained the same, 86.9%, and Stupay predicts it will go unchanged again in '85.

Soft drinks

Cans were without a doubt the story of the year in the soft drink industry. Consumers purchased nearly 10% more soft drinks in cans in '84 than they did in 1983.

Stupay points to the increasing use of aluminum primarily because of its recyclability. The Aluminum Assn. reports 56.3% of all aluminum cans shipped in 1984 were recycled.

In addition, Stupay says 99% of all beer cans and 85% of all soft drink cans in 1984 were aluminum. The remainder was steel. Steel soft drink cans were off 14% and steel beer cans were off 35%.

Despite this, the steel industry made lots of noise in 1984 about a comeback. A 1984 study commissioned by the American Iron and Steel Institute and conducted by Arthur D. Little Inc., a research firm, concluded that all-steel cans and bi-metallic cans (steel body and aluminum lid) are more energy efficient than all-aluminum cans.

In addition, Stupay believes a comeback by steel would avoid an aluminum monopoly. "If aluminum has a monopoly, they might be able to charge monopoly prices," he reasons.

The bottom line, Stupay reports, is that tin-plate cans have little recycling value. "Some comeback can be expected, but I don't look for the steel can to be an important package," he adds.

While cans had a good year, PET may have been the most innovative package with the introduction of the 3-L, and reports that the 4-L is not far off. In addition, Coca-Cola U.S.A. was expected to put the plastic can into test markets shortly.

Up 7.7% in 1984, PET is expected to grow in the soft drink industry. The 2-L still holds the bulk of this segment, but that is slowly changing. In terms of units, Bob Harris, senior market research analyst, Eastman Chemical, has compiled these numbers for PET:

- .5-L up to .9 billion in '84 from .5 billion in '83, an 80% increase;
- 1-L up to .5 billion in '84 from .4 billion in '83, up 25%;
- 2-L up to 3.2 billion in '84 from 3 billion in '83, up 6.7%;
- 3-L at .1 billion in '84, its first year in the market.

Stupay's .5-L numbers differ somewhat, but both Harris and Stupay expect the package to increase in the future. "Plastics have begun to boom in the .5-L," says Stupay. He estimates 1.5 billion units went into the market last year, a 40%-plus increase over 1983.

"Those who claimed that the .5-L was dead have been proven wrong. It continues to grow dramatically, but it hasn't provided dramatic profit growth because of over-capacity," he says.

PET expert Len Ryder of Ryder Associates sees some bottlers moving from the .5-L to 16-oz. PET because of the slight savings in product volume.

Ryder sees success in the single-service size PET because of improved productivity of pre-form systems, which can now turn out 48 .5-L preforms per cycle, and high speed machines that can turn out as many as 15,000 bottles per hour.

The need still exists to improve the barrier properties for the single-service size PET. Ryder says not one barrier-coated soft drink bottle is commercially available today, but that should eventually change. Stupay reports the 3-L has already carved out a small, but independent market in the soft drink industry, but, as of yet, has not begun to impinge on 2-L sales. He predicts the 3-L will snare 15%-20% of the large package market.

Harris believes the 3-L has already begun to cannibalize the 2-L. "The majority of the sales in the family size packaging now is the 2-L PET, so that's where the 3-L will cannibalize most of its sales," he says.

But Harris does not believe that really matters. Bottlers would rather have a consumer pick up a 3-L than a 2-L since that represents an extra liter of soft drink that's being sold, he reasons.

In addition, 4-L and 5-L PET packages could be in the market before long.

Stupay doesn't envision the plastic can being a factor until the 1990s due to slow production speeds and the necessity of off-line quality control checking. Ryder is more optimistic; he says the can has the advantage of having less cost escalation than aluminum and offers a high-tech image.

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where in the market this year," says Ryder.

Harris envisions a potential recycling problem with the can, particularly if the package is coated to improve product shelf life.

Increasingly, recycling has also become an important factor in PET. According to Harris, 100 million pounds, or about 19%, of the total PET production of 535 million pounds was recycled in 1984.

The success of cans and PET in 1984 combined to squeeze the glass industry. "The movement toward reducing the proclivity of packaging at food stores hurt glass. As plastic grows, that space is being taken from one-way bottles," says Stupay.

One industry spokeman says glass is getting squeezed out of the retail segment because it's not in the bottler's normal promotional cycle. "72% of our package was sold as a cold bottle package," he says.

Thanks to that, though, GPI reports continued success with the pre-labeled single-service container, which was up 8.5% over '83.

According to a spokesman at Owens-Illinois, the single service 8-10-oz. size for juices has done well in '85 along with beer in glass. "Beer production is up for the first quarter for glass," he says.

"Largely on the strength of significantly more efficient and productive glass container operations in the U.S. and around the world, the Glass Container Div. increased its earnings by 30% in 1984," he says.

Overall, returnables have held up pretty well in the South and the Midwest, where they are double the share that they are in the rest of the country, according to Stupay.

Despite this good news, there's no getting around the fact that glass is having its troubles. Says one spokesman, the problem is that suppliers don't have the profit margins to support a program of the magnitude to effect a change.

Beer

1984 was a poor year for the beer industry and it was reflected in a poor year for beer packaging — except, that is, for cans, up 3.8%.

"The success of cans in beer attests to the importance of the aluminum can in mandatory deposit states," says Stupay. Cans have grown to nearly a 70% share of beer packaging.

"Bottles have lost out in mandatory deposit states," he adds. "Returnables are basically a collector's item and seem to hold their own only in smaller restaurants and take-outs."

In addition, a lot of beer is purchased in 12-can packs, says an industry source.

Inroads have been made by plastic in wine and liquor, but change has been slow.

In wine, plastic has come in the 3-L and 4-L sizes as a matter of convenience because it is so much easier for the consumer to handle. In liquor, the shift has come in the small single-service sizes like those used by the airlines.

Stupay believes the consumer is getting more conditioned to plastic. Previously, consumers saw metal everywhere they looked, and that made metal an attractive material for their beverage containers. Today, the same can be said for plastic.

"It's everywhere — in your car, in your computer hardware — why not for your beverages. The change of liquor and wine too from glass to plastic is an evolutionary process, albeit a slow one, yet it is still occurring."

Sewell Plastics introduced a 1-L stock liquor bottle last year that is now being used by McCormick Distillers.

"We expect 1985 to be an excellent year to move that forward because some of the major names have gotten further into plastic," says Chuck Minarik, vp-marketing for Sewell.

Increased usage of PET and expansion into new markets has increaed demand for resin. Last fall, Eastman Chemical announced it had begun a 200 million pound per year expansion of its Columbia, SC, bottle polymer production facility. The expansion is expectd to be completed late in 1986, bringing the company's capacity for bottle polymer production to some 600 million pounds per year.

While exceptions exist, new packaging innovations did not

BEER SALES BY PACKAGE

(Units: Billions Equivalent 12 oz.)

	1983	1984	1985P
Total beer demand	58.7	58.0	59.3
Packaged beer	51.0	50.4	51.5
% Packaged	86.9	86.9	86.9
Cans	33.1	34.4	36.0
% Cans	64.9	68.3	69.9
One-way glass	14.1	12.4	11.8
% One-way	27.6	24.6	22.9
Returnable glass	3.8	3.6	3.7
% Returnable	6.2	7.1	7.2

Source: Arthur M. Stupay Prescott, Ball and Turben

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SOFT DRINK SALES BY PACKAGE

(Units: Billions Equivalent 12 oz.)

	1983	1984	1985P
Total SD demand	102.6	108.0	113.1
Packaged soft drinks	78.3	82.0	85.5
% Packaged	76.4	76.0	75.6
Cans	28.3	31.3	33.5
% Cans	36.1	38.2	39.2
One-way glass	12.4	12.5	12.5
% One-way	15.8	15.2	14.6
Returnable glass	19.6	18.7	18.2
% Returnable glass	25.1	22.8	21.3
Plastic	18.0	19.5	21.3
% Plastic	23.0	23.8	24.9

Source: Arthur M. Stupay Prescott, Ball and Turben

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Reynolds Metals has put a finger hole on its stay-on-tabs which saves on aluminum and makes opening easier for consumers.

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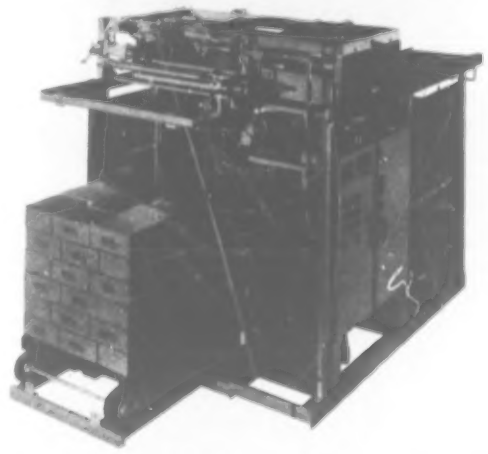

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proliferate in 1984.

Perhaps the most significant new package is the 3-L PET. Buffalo Rock Bottling Co., the Pepsi bottler in Birmingham, AL, became the first in the market with the package. The bottle, which holds 101.4-ozs., is produced in the local Owens-Illinois PET plant and utilizes a 38-mm Alcoa RO closure. The bottle is 1-in. taller than the 2-L bottle and about a half-inch bigger in diameter. Coke followed Pepsi in the Mobile, AL, market.

Sewell claims it was the first to produce the 3-L PET bottle, which was introduced at 80 grams. Minarik says the package has now been reduced to 74 grams through an ongoing lightweighting program.

"No question, the traditional package of today won't be the package of the future."
—Arthur Stupay market analyst

The Atlanta, GA-based firm opened a plant in Leominster, MA, last year that is producing 2-L and 16-oz. PET.

Sewell is corroborating with Petainer Development Corp., PLM and Metal Box on the plastic can venture, according to Minarik. "Not a whole lot can be said about the can. It's a full-scale development program. Sewell will be the manufacturing arm for the can in this country when it starts up later this year."

In the fall, Miller Brewing Co. began using a quart-size can supplied by Reynolds Metals, designed to compete with similar-size packages in glass. "The can is convenient for consumers and stays cold much longer than a similar glass container," Miller spokesman Steve Forsyth told **BI** when it was first introduced.

To date, Miller is the only brewer using the quart-size can, marketed as the "King Kan."

Reynolds also introduced Trim/Line 200 aluminum cans, billed as "the first aluminum can that can be custom-tailored to meet your specific product requirements."

Can sizes range from 188-ml to 250-ml with a choice of varying ends. Miller is also looking at this range of smaller size cans, according to a Reynolds spokesperson, with the thought of marketing the package toward women.

Reynolds has punched out a hole on the stay-on-tabs, which the company says will save aluminum and make beverage cans easier to open.

The American Can Co. placed a lot of emphasis on light-weighting in 1984. "Prices were moderated via lightweighting," according to David R. Wiesley, vp-beverage marketing. *(See related story, page 62.)*

Other developments included continued emphasis on 12-can packs and promotional programs, such as under-the-tab promotions.

Ball Metal Container's spin neck can is "progressing very well," according to David B. Sheldon, vp-marketing. Plants in Colorado, California, Ohio and New York are producing the can, which uses a 206 end.

"We've placed a lot of emphasis on getting soft drink people into the spin neck. The beer people have been slower to change over.

"If you look at the major brewers, they have a major logistics problem. It's not as easy for them to change over as it is a one-filler soft drink operator. The brewers are a little more cautious," he says.

Likewise, packaging developments in the beer industry were not as prevalent. "Brewers are more concerned with survival than growth and package innovation," says Stupay.

An import, Kirin Beer, introduced a plastic 2-L mini-keg through its marketing arm here, Kirin U.S.A., last summer.

The mini-keg is a double-lined, lightweight, shatterproof plastic. Yoshino Kogyosho Ltd. of Japan is manufacturing the kegs through a bi-axial oriented blowmolding process.

1985 should bring more changes. "No question, the traditional package of today won't be the package of the future," says Stupay.

"Why should plastics copy the aluminum can? Once the capabilities are realized, it will be redesigned. Why not have bags with straws that can fit in your pocket? Is 12-oz. the ideal size? Need this be refilled at a beverage plant or could it be done through a vending machine?"

Stupay poses more questions than answers with his observations, but so does the future of beverage packaging. □

Calendar of events

April 1-3: Primepack, New York Coliseum

April 6-14: View Australia '85, International Wine, Spirit and Beer Conference, Melbourne, Australia

April 14-17: DFISA 66th Annual Conference, Marco Island, FL, Marriott

April 22-24: Brewers & Beverages Pkg. Assn. (BBPA), New York, NY

April 22-24: Aseptipak '85, Third International Conference and Exhibition, Princeton, NJ

April 29-May 1: Society of Soft Drink Technologists, Hollywood, Fl, Diplomat Hotel

April 30-May 4: California Beer Wholesaler Assn., Anaheim, CA

May 1-3: Private Truck Council of America Inc, 46th Annual Meeting, Chicago, IL, Chicago Marriott

May 3-10: Interbrau, Munich, Germany

May 5-7: CSDA Annual Conference, Vancouver, B.C., Bayshore Inn

May 5-7: NSDA Washington/Oregon Convention, Bellevue, WA, Red Lion Inn

May 5-7: NSDA New England States Convention, Newport, RI, Sheraton Islander Inn

May 7-9: NSDA Ohio Convention, Columbus, OH, Hyatt on Capital Square

May 12-14: NSDA West Virgina Convention, White Sulphur Springs, WV, The Greenbrier

May 12-15: NWDA 1st Annual National Wine Distribution Conference, Dallas, TX, Fairmont Hotel

May 14-15: NSDA Illinois Convention, Chicago, IL, Westin

May 16-17: Packaging Innovations in Europe and Japan, Philadelphia, PA, Airport Marriott

May 17-22: NSDA Kentucky Convention, Hilton Head, SC, Mariner's Inn

May 19-20: NSDA Florida Convention, Wesley Chapel, FL, Saddlebrook Resort

May 22: DFISA's one-day workshop on "Export Marketing," Arlington, VA, Key Bridge Marriott

May 22-23: Southeastern Packaging and Handling Meeting, Atlanta, GA

May 23: DFISA Marketing Communications Workshop, Arlington, VA, Key Bridge Marriott

May 24: DFISA International Trade Seminar, Arlington, VA, Key Bridge Marriott

June 9-12: Institute of Food Technology, Atlanta, GA □

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Paper, plastic battling it out in '85

(Continued from page 4)

more into a single bottle business and as a result the number of these containers sold loose increased to 13% in 1984. Industry sources tell **BI** that the rack placement programs in convenience stores which the industry launched in '83 and continued in '84 have influenced this packaging shift.

In beer, there was very little change in secondary packaging. The industry continues to promote 12-pack cans and this resulted in a upward swing of paperboard's share to 39.8%.

Film

To date, activity in film packaging has been fairly limited to the Baltimore-Washington corridor where Allegheny Pepsi introduced it slightly over a year and a half ago.

And just recently Mid-Atlantic Coke entered that same market place with the packages. A major West Coast soft drink firm is also expected to go with the package in the near future.

Everyone's looking at the Allegheny numbers which show its products up considerably over competition. Mid-Atlantic's move into the process more or less confirms the consumer attraction.

Buyers have two alternative equipment choices: Mead's TriFi System and Kister's shrink system sold in the U.S. by Simplimatic Engineering.

Kister's packaging equipment is used by Allegheny and Mead's by Mid-Atlantic.

Mead supplies the film for its units. Simplimatic has a co-operative deal with Engraph's Packaged Products Div., which provides film for the Allegheny installation.

Interest in film systems is there in the soft drink industry. Earlier this year when **BI** surveyed a panel of purchasers of secondary packaging equipment, more than 75% of the respondents indicated they intended to investigate this method of packaging in 1985. The big attraction in all cases was cost.

Paperboard/corrugated

Although corrugated has lost all of its charm in the soft drink secondary packaging area and is losing market share in beer, the industry — users and suppliers — alike are not going to give ground willingly.

Part of the problem has been the lack of a full range of graphic possibilities. Now in development is a method of preprinting the outside liner before it is applied in the corrugator.

If this is successful, manufacturers feel they will have defused a major paperboard advantage.

Paperboard manufacturers, however, are not sleeping. A marketing executive at one of the firms recently commented off-the-record, "If you think 12-packs are big, just wait till one of the big brewers gets into a 24-pack."

The suppliers are ready for it. Some of the wrapping equipment now available to users can be converted from 12s to 24s in less than an hour.

Paperboard suppliers have also changed the density of the board they are now offering. By reducing the number of fibers and "fluffing up" what remains the new board has caliper as before, but less weight and more strength.

One result of these changes is that the industry's new 12-packs for NRs are going down from 27 pt. to 24 pt.

Handle designs for wraps and carriers are also changing. A new 24-pack to be introduced shortly — in an 18 pt. board version — features a patented slotted hand holder that provides additional strength, making the reduction from an 18 pt. to 21 pt. carrier possible.

Tertiary

In soft drinks, the trend to returnable cases for nonreturnable packaging is continuing. **BI** estimates that the amount of 2-L PET going to market in plastic cases increased between 15%-20% in 1984 and as the cost saving of this move begins to move through the grapevine, this trend will still continue.

Models are currently available which can handle the 3-L package and suppliers confirm they'll be offering more in the near future.

Corrugated trays, used by both brewers and soft drink producers, could change slightly as suppliers foresee a desire for an all white generic tray which could be used as a more attractive merchandiser.

Rule 41, which details common carrier and railroad specifications, preclude very many changes in this package in the future.

Brewers are continuing to hang in there with fiberboard shippers for returnables, but these too are coming under scrutiny.

Demand is growing that these fiberboard shippers be coated with substances which make it possible for them to be clean on their return to the brewery. □

Whichever closure you use — choose E-Z Pack
your bottling operation probably uses conventional metal closures today, but industry pros say you'll be using the new plastic closures tomorrow.
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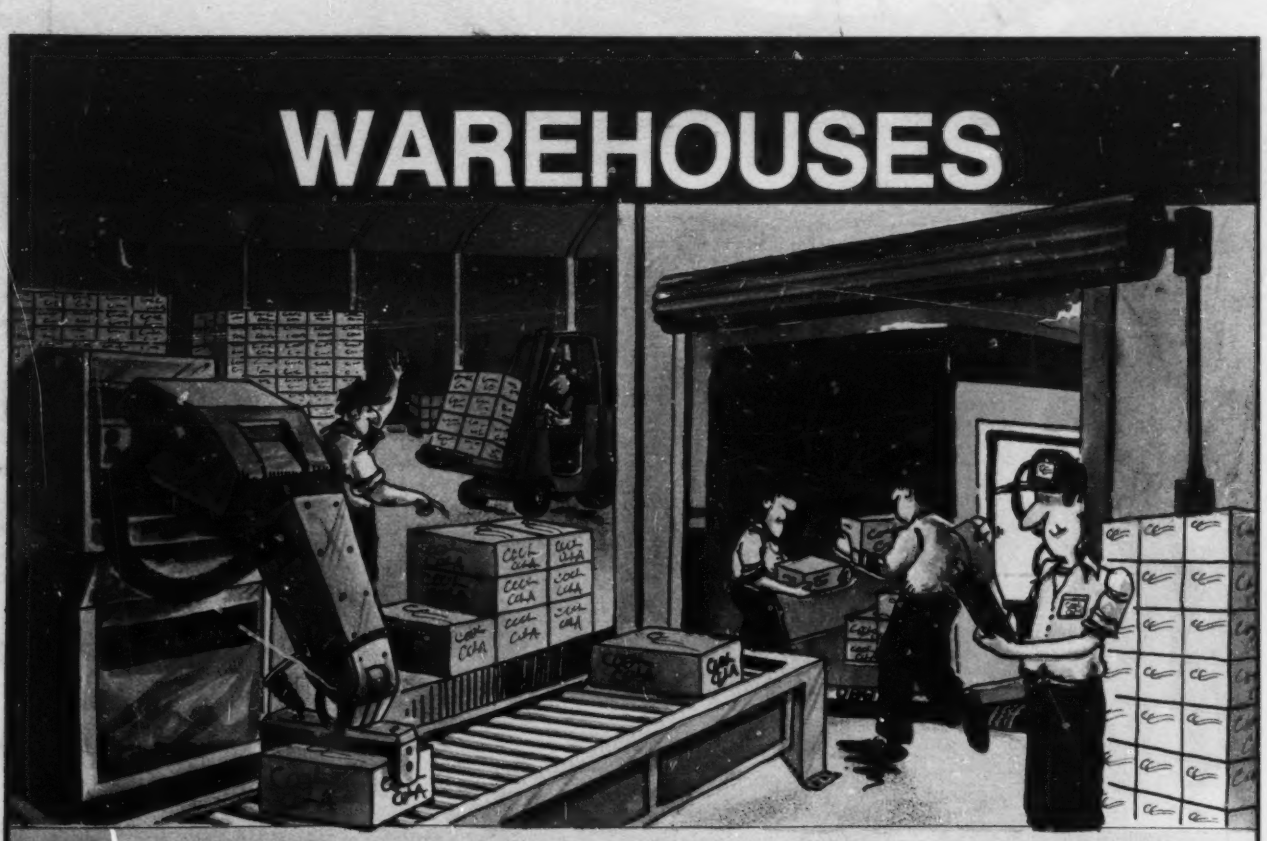
TAMPA BATTLEGROUND PAGE 30

Beverage Industry

AN HBJ PUBLICATION

MAY 1985



Entering the age of automation

SPECIAL REPORT—Cases of product slide mysteriously along ceiling-high metal racks. Robot-like figures make their way down narrow aisles; cases flow magically into their waiting arms. The robots discharge their loads onto moving conveyors that shuttle the product onto waiting trucks.

This scenario illustrates the outermost reaches that automation can grasp in the beverage distribution outlet.

Of course this world of mechanical figures and conveyors won't replace the beverage warehouse as we know it.

But the stage is being set for such a possibility, where warehouses can become highly polished, automated oper

(Continued on page 16)

Bottlers to battle teen DWI

WASHINGTON, DC—The National Soft Drink Assn. is sending kits to bottlers on a new community affairs program to help reduce teen drunk driving.

The NSDA is joining hands with four other national organizations that "represent businesses with community ties" in sponsoring "Operation Prom/Graduation."

In a letter included in a promotional kit for the campaign, Frederick L. Webber, executive-vp, NSDA, said, "Operation Prom/Graduation is an investment in our young people. It offers concerned members of the business community an opportunity to meet high school seniors on their own turf, to show them we care about their futures."

(Continued on page 17)

BI Report

■ COKE attempting to stop market share erosion of flagship brand with new reformulation. Brand Coke now has "smoother" taste. Translated by observers at press conference: slightly sweeter. New taste Coke available in most U.S. cities by May 8, accompanied by new packaging and ad campaign.

■ FRESCA also reformulated by Coke as a low-calorie alternative containing 1% grapefruit juice and 100% NutraSweet as a sweetener base. Positioned as "the perfect soft drink" in the first major advertising for the brand in years, new Fresca expected to battle waters and wine coolers.

(Continued on page 60)

Pollution bringing health, legal risks

by Marty Westerman
Contributing Editor

SPECIAL REPORT—When a Minnesota bottler tested his water, the levels of organic halides and THMs were too high. He traced the pollutants to two local factories.

These factories were dumping waste products that the municipal supply was picking up. His livelihood at stake, there was nothing to do but join in action against the polluters.

During the Florida EDB and California's Silicon Valley well pollution problems, both states' bottlers were spared problems.

When state health authorities demanded that one Pennsylvania bottler pass all plant water through a one-micron filter rather than superchlorinating during the state's giardia outbreak last winter, he turned to his franchise company. In an intense poll of state authorities, parent company researchers found no consensus that superchlorination wouldn't work, and averted this expensive move. The area of doubt also precipitated the current NSDA giardia

(Continued on page 12)

BI Today

THE DIFFERENCE IS EVIDENT

G. Heileman Brewing Co. is the first brewer to use tamper-evident closures on single-service, 12-oz. bottles. See page 40.

Sugar import bill could hike prices

WASHINGTON, D.C.—A proposal to allow unlimited imports of raw sugar could cost U.S. corn and sugar growers some $2 billion and significantly reduce the availability of High Fructose Corn Sweeteners.

According to a study released by Corn Refiners Association, Inc., Savannah Foods and Industries, a major importer and refiner of foreign raw sugar, has asked the administration to allow quota-free importation of raw sugar to be used in the production of invert sugar, a liquid sweetener that is basically dissolved sugar. Currently, imports of foreign sugar are limited to 2.7 million tons.

The report goes on to say that soft-drink producers would realize an immediate cost benefit of over $600 million compared to the cost of the HFCS now being used by virtually all major soft-drink firms.

Opponents of the measure, however, warn against premature celebration. Kyd Brenner, a spokesman for Corn Refiners Association,

(Continued on page 42)

Features

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This month's exclusive survey reveals buying patterns and preferences for fork lift trucks, and what suppliers can do to meet their demands.

18 **Better late than never**
NSDA's 1983 soft drink sales figures show the first rumblings of sales trends that are in full swing today

23 **In-store promotions pay off**
Merchandising is gaining significance as bottlers realize the value of getting their product off the supermarket shelves and into the spotlight.

25 **A-B explores options**
Given the projections for slow industry growth, A-B is extending its product line by expanding distribution of its recently-tested malt liquor.

30 **Battleground: Tampa**
BI's continuing series explores the warm Tampa climate, where beer wars dominate the beverage scene.

47 **How to buy a beverage plant**
Kline investment survey pinpoints how to tell which beverage operations can become veritable gold mines of profits for the smart investor.

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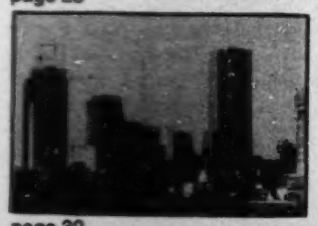
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Soundoff

On 3-L pricing

"We felt that the 3-L should be the best price per ounce, but not on an absurd lower basis. It should be a better buy than the 2-L, naturally, but it shouldn't be priced ridiculously low. For instance, let's use the illustration of say that maybe the per ounce cost of the bottle is ½ more than the 2-L, but gives them half more in ounces. So that gives them a reasonably good buy for the new package. You will find where there is a reasonable difference, that the housewife will catch on and move into the 3-L. From the beginning, we wanted a better margin for the stores, for the bottler, and also, hopefully, for the bottle manufacturer who claims that the 2-L package is not all that profitable to them."

James C. Lee Jr.
Chairman of the board and CEO
Buffalo Rock Co., Birmingham, AL
speaking at Ryder Conference '85

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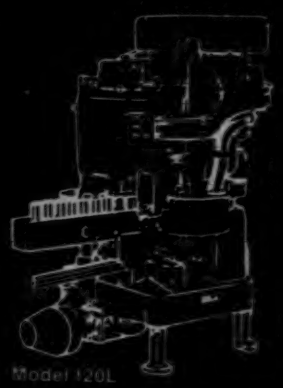
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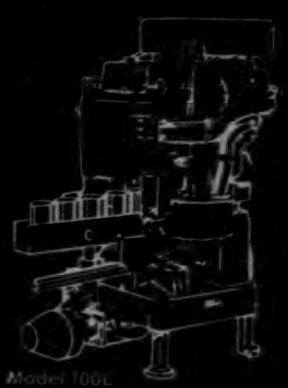
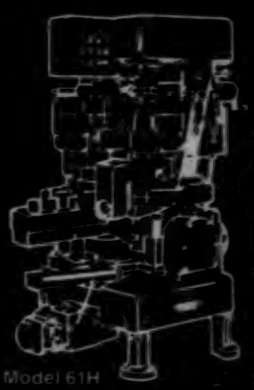

Model 100L
Widebody Seamer (1200 cpm)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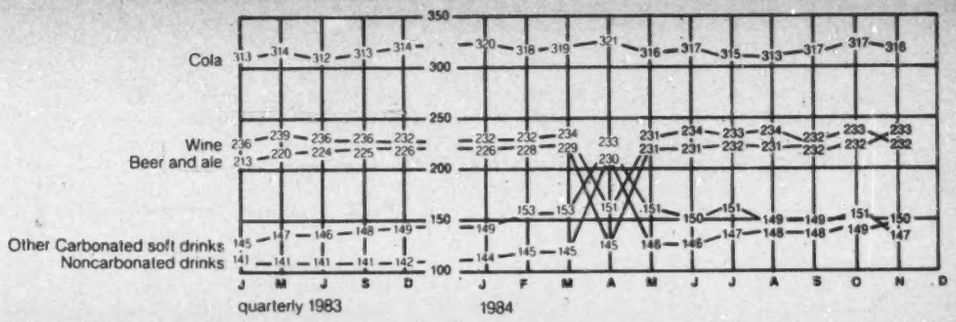
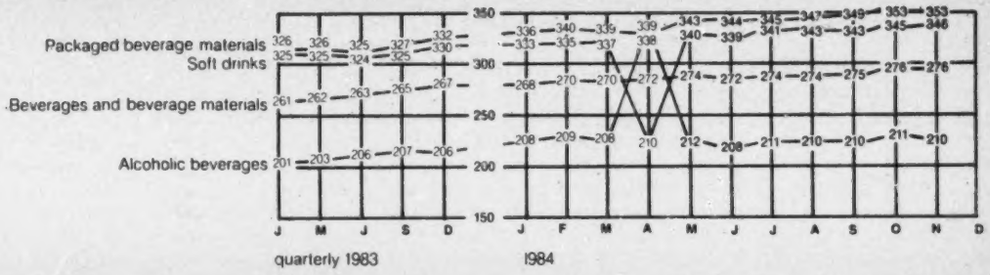
Beverage Business Indicators*

1984 CONSUMER PRICE INDEX (1967 = 100)

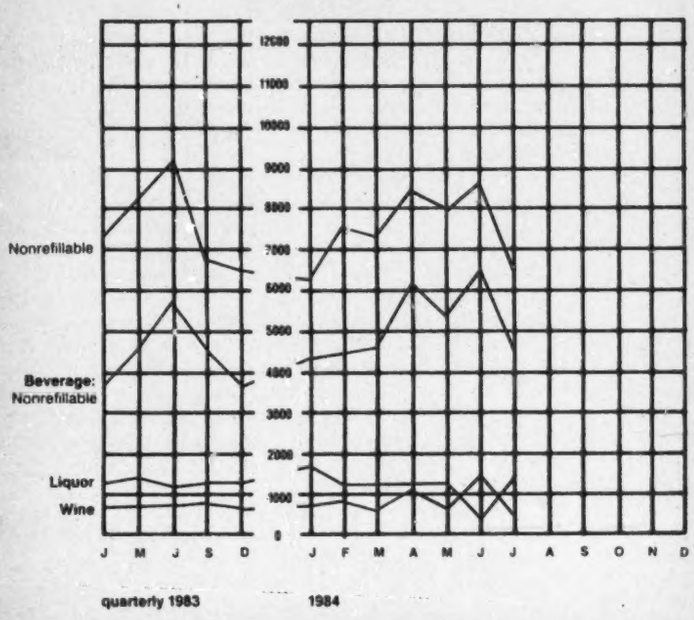


1984 PRODUCER PRICE INDEX (1967 = 100)



BOTTLE SHIPMENTS

(thousands of gross)



IMPORTED BEVERAGES

(proof gals)

	Oct. 1984	Nov. 1984	% Change	Nov. 1983	Nov. '83 vs. Nov. '84 % Change
Beer*	18,850,576	16,577,348	−12.1%	16,133,442	2.8%
Whiskey	6,944,850	9,381,434	35.1%	7,331,946	28.0%
Brandy	657,735	776,279	18.0%	710,761	9.2%
Gin	605,329	739,253	22.1%	703,016	5.2%
Rum	140,788	61,065	−56.6%	121,034	−49.5%
Cordials & liqueurs	856,792	1,257,405	46.8%	1,105,988	13.7%
Others	975,613	966,867	−0.9%	993,696	−2.7%
Total	29,031,683	29,759,651	2.5%	27,099,883	9.8%
Sparkling wines	1,530,961	1,966,622	28.5%	1,482,361	32.7%
Still wines, table	9,350,570	12,185,061	30.3%	10,441,302	16.7%
Still wines, fortified	380,022	378,533	−0.4%	361,402	4.7%
Vermouth	264,917	331,152	25.0%	291,737	13.5%

*Includes ale, stout, porter
Source: National Association of Beverage Importers

ALCOHOLIC BEVERAGE REMOVALS

(barrels of 31 gals)

	Sept. 1984	Oct. 1984	% Change	Oct. 1983	Oct. '83 vs. Oct. '84 % Change
Beer	13,842,430	14,556,012	5.2%	13,769,109	5.7%
Wine*	29,784,891	36,374,378	22.1%	38,873,152	−6.4%
Spirits*	26,971,337	34,073,378	26.3%	36,951,649	−7.8%

*wine gals
Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

CLOSURES FOR BEVERAGES

(thousands of gross)

	Aug. 1984	Sept. 1984	% Change	Sept. 1983	Sept. '83 vs. Sept. '84 % Change
Metal (for spirits, wines)*	80,048	66,375	−17.1%	63,752	4.1%
Plastic (for spirits, wines)*	112,163	111,633	−0.5%	140,528	−20.6%
Metal Crowns (beer & soft drinks)	14,712	13,068	−11.2%	14,203	−8.0%
Soft drink (convenience and conventional)	5,115	4,877	−4.7%	6,189	−21.2%
Beer (convenience and conventional)	9,597	8,191	−14.7%	8,014	2.2%
All other metal closures other than crowns	8,392	7,118	−15.2%	8,287	−14.1%

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Firms seek durable, safe and easy to maintain fork lift trucks

Special Report—Durability and safety are major factors in the warehouse where fork lift trucks shift anywhere from 3,000-lb. to 5,000-lb. loads.

Operator safety and equipment durability are major concerns for beverage producers when purchasing fork lifts, **Beverage Industry** has learned from an exclusive survey of beverage producers. Of those who responded, 77.6% feel that operator's safety is a major concern, and 79.2% feel that the durability of the unit is important.

The Hyster Co. of Danville, IL, has seen a lot of interest in human engineering, according to Lou Sponseller, advertising and sales promotion manager.

"It's important for operation to be maintained at a high, steady pace," Sponseller explains, "and so how the operator moves and his comfort become very important."

Most suppliers feel that 1984 was a fairly strong year for sales mainly because of the rebound in the economy, and many expect it to continue into 1985.

The average respondent, however, claims to have bought only two new fork lift trucks during the year. In fact most, 68.1%, indicated that the purchases made in '84 were the same as those made previous years. Only 19.2% indicated that it was an increase, and 12.7% decreased the number of their purchases.

The electric powered fork lift came into its own about ten years ago, mainly due to environmental standards according to Lou Sponseller. **BI's** survey indicates that 26.7% have decided to change from one power type to another, typically from propane to electric powered fork lifts.

Some of the reasons given were that electric is more cost effective, cleaner, emits less fumes, is quieter and more reliable. None of those who replied intend to switch from electric to propane, although a few answered that they may switch from gas to propane powered.

Most suppliers say sales are split just about fifty-fifty: half of the units sold are electric, the other some type of internal combustion powered engine such as gas, diesel or lp gas (propane).

What's needed

When asked what features or advances the user would like to see in the near future, many answered that they needed easy access to parts for self maintenance, and that parts should be more available.

One respondent wrote: "I have not seen a forklift that is at least six months old that did not leak some kind of oil." Many agreed that a better seal is needed for the entire oil system.

A major concern voiced is that on electric powered units, the batteries don't remain charged long enough. One individual said he would like to see "improved batteries to increase running time and minimize battery changes, and a better structure mast assembly to allow better visibility."

Other concerns include a better service life on the mast, improved controls on the electric powered trucks, and better noise control.

Driver comfort was also noted with improved seat quality in the form of shock absorbing seats requested by a number of individuals. A few wrote that a damage proof, lightweight load back rest would be an excellent optional feature.

Many cite the need for some additional standard features. Their suggestions include rearview mirrors, nonmarking tires, and warning lights including flood lights and low fuel warning lights as standard equipment.

Almost all mentioned the importance of human engineering and a concern with improving driver safety and efficiency.

Truck activity

The warehouse is the major center of fork lift truck activity with 97.4% using the trucks there. Truck loading accounts for 94.8% of truck lift use and 68.8% is dock work. Others include towing, maintenance and production.

The heavy use of forklifts within the warehouse demands a truck that can maneuver around tight corners and operate smoothly in all directions.

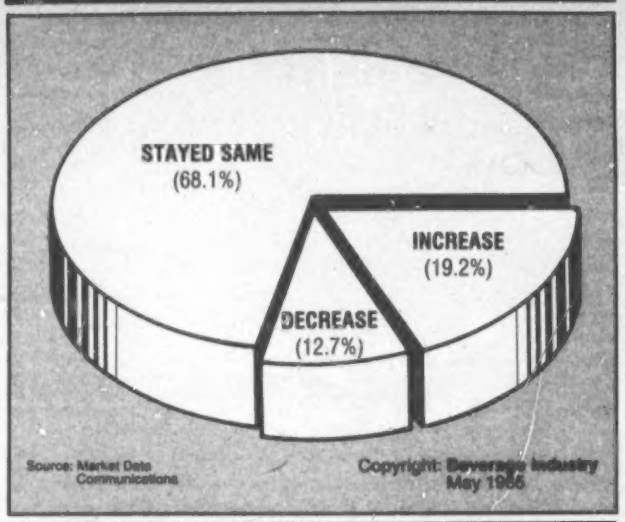
Two companies, Allis-Chalmers Co. and Hyster Co. agree that maneuverability of the truck is important, and tied in with that is how easily the operator can handle the equipment.

The Allis-Chalmers Co. of Milwaukee, targets those buyers concerns that pertain to maximizing the visibility for the driver, according to Steve Lovelady, merchandising manager.

"High visibility for the driver is a must," asserts Lovelady. "Maneuverability is important but must go along with safety. In addition, we pay attention to the quality of the truck, which ties in to the overall operating costs."

Sponseller agrees quality in virtually all areas is essential. "It's best if the truck is running steadily, and downtime is kept at a minimum. That's where a good, strong dealer organization is very important." □

IS THE NUMBER OF FORK LIFT TRUCKS YOU PURCHASED IN 1984 AN INCREASE OR DECREASE OVER PREVIOUS YEARS?



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Report explores South East Asian soft drink markets

London—A major report on the South East Asian soft drink markets has been released by London-based marketing consultants International Marketing & Economic Services.

"Soft Drinks 85—Asian" covers soft drink consumption and distribution in Singapore, Malaysia, Indonesia, Thailand and the Philippines in five volumes.

According to the report, Coke and Pepsi are in hot competition for the top spot in the South East Asia market, while growing regional companies are striving for independence through non-cola flavors or expansion into still soft drinks.

Fraser & Neave and Yeo Hiap Seng currently lead as the two main regional independents there.

Emergence of Tetra Brik packages over the past decade has cut into the established carbonated market with a wide range of fruit drinks.

The report delves into the growth of non-carbonated soft drinks, the importance of regional products and flavors, the gradual decline of on-premise trade and the steady shift away from traditional returnable glass bottles.

To obtain a copy of the report, contact IMES (UK) Ltd., Hurst House, 157/169 Walton Rd., East Molesey, Surrey KT8 0DX, England. □

NSDA survey discovers start of growth trends

Special Report—The 1983 soft drink market increased by a rate substantially higher than previous years, 5.1%, kicking off the growth spurt enjoyed in 1984 and still being felt today, according to National Soft Drink Assn.'s recently released sales survey.

Also beginning to be seen in 1983 was the trend toward emphasis on bulk sales, with that category showing a 9.4% gain for a 4% share gain and 23.6% of the market. Packaged sales were displaced by about a 1.2% market share.

NSDA's survey, more extensive than ever, includes statistics on the decaffeinated market and employment figures. It was compiled from figures supplied by 292 respondents.

Total sales represented 4,274,274,000 cases of standardized units (288 oz.). Total dollar value increased by 7.1%.

Average container size increased 2% from 16.54 oz. per package unit in 1982 to 16.87 oz. in '83.

The number of containers filled increased by 1.84%.

NSDA's survey estimates the industry filled 55.73 billion individual units in 1983 with 42.34 billion being non-refillable containers.

A breakdown of packaged sales shows cans snaring 53% of the market. Plastic took 6.75%, refillable 24% and non-returnable glass had 16.2%.

In refillable, 69 oz. was 3.2%; 10-12 oz., 13%; 16/.5-L, 75.6%; and 24-32 oz., 8.2%.

In non-returnable glass, 16 oz./.5-L accounted for 66.7% of sales, followed by 10-12 oz. with 27.9%.

In plastic, 2-L outpaced other containers with 85.6% of the market. Half-liters claimed 6.87% and 1-L took 7.52%. In terms of growth, however, 1-L outpaced the other, marking an increase of 37.1% for the year, with 2-L showing 19.5% growth.

Plastic overall showed the largest increase at 19.6%. Cans also jumped 7.3%, but glass, both refillable and one-way, continued their downward slide by 8.4% and 4.9% respectively.

Aluminum took 94.59% of the can market; bi-metal claimed the remaining 5.41%.

Over the same period, the beverage industry experienced a somewhat modest .96% increase in the employment picture.

The West Central region experienced a 2.2% decline in employment figures while the Southwestern region's employment statistics dropped by 1.5%.

However, all other regions in the soft drink industry experienced employment increases, slightly offsetting the declines.

Figures varied from the Western area's 7.4% increase to Southern .6% climb.

The volume of soft drinks sold per employee increased 5%. Sales dollars per employee grew at a 5.6% rate.

The survey estimates that wholesale prices for soft drinks increased by 1.9% while the Consumer Price Index as a whole increased by 3.2%

Soft drink sales and consumption increased in 1983 at rates substantially higher than those experienced by the industry in 1982.

Flavors

In flavored soft drinks, regular beverages held 80.2% of the market with diet at 19.1% and club soda/seltzer at .7%.

Colas led the way in the regular market with a 47.5% share. Lemon lime held 9.6% and pepper types took 5.3% of the market.

Decaffeinated drinks accounted for 4.1% of the regular soft drink market and 3.3% of diet sales.

Club sodas and seltzers, presented for the first time as a separate category, weighed in at only .7% of the market. According to 1984 estimates, the entire category is by about 60% this year.

Changes in regular versus diet soft drinks from 1982 to 1983 shows regular increased 2.6% in packaged and 10% in bulk sales. Regulars had a total market increase of 4.9%.

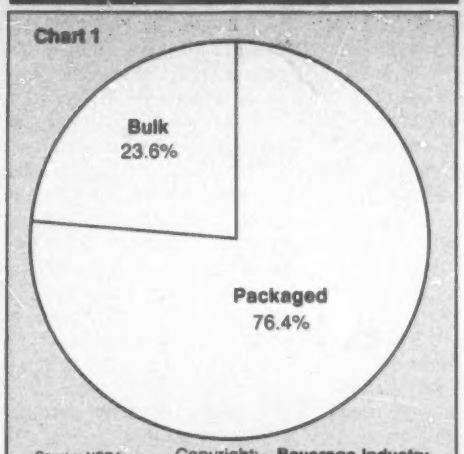
Packaged sales of diet drinks increased 13.6% with bulk going up 24.2%. Diet sales increased a total of 14%, the study notes.

Supermarkets had the biggest chunk of home market sales at 43.6% for packaged sales. Grocery stores sold 12.1% of packaged beverages, drug/convenience stores moved 13.5%.

The NSDA survey, based on typical responses, estimates a volume growth of 16.2%, sales dollar growth of 6.5% and employment growth of 2.1% in the industry in 1983 over 1982. □

Volume By Market Share

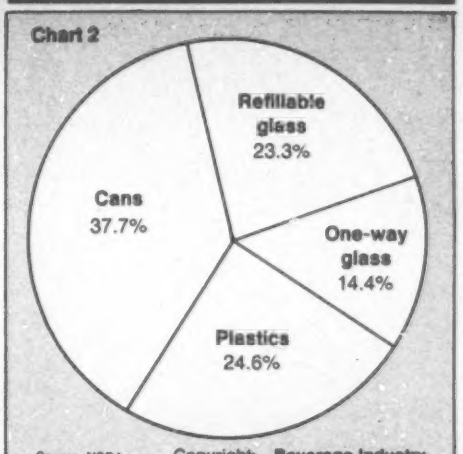
Chart 1



Source: NSDA Copyright: Beverage Industry May 1985

Packaging By Type

Chart 2



Source: NSDA Copyright: Beverage Industry May 1985

Study delay explained

NSDA's annual sales survey for 1983 came out a little late, due mostly to it being more comprehensive than ever.

"First we upped the coverage by 50%," says Jim Abert, vp-economics and research. "Secondly, we had a sales by state analysis."

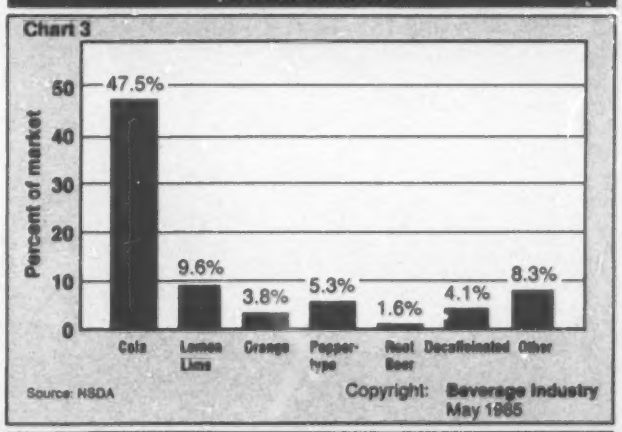
Installation of a computer system for NSDA to analyze all the results also took more time than anticipated.

The association assures that the 1984 forms are out, and they should be back on schedule by this summer. □

Flavored Soft Drinks

percent of market

Chart 3



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